NEW ISSUE – Book-Entry Only **(See "Ratings" herein)**

In the opinion of Co-Bond Counsel, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants and agreements, interest on the 2014 Series A Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and under existing statutes, such interest will not be treated as a tax preference item in calculating the Federal alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. See "TAX EXEMPTION" herein for a description of certain other Federal income tax consequences of ownership of the 2014 Series A Bonds. In the opinion of Co-Bond Counsel, under existing statutes, interest on the 2014 Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the 2014 Series A Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the accrual or receipt of interest on the 2014 Series A Bonds.

$140,000,000

THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT

Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds)

Dated: Date of Delivery **Due: November 1, as shown on inside cover**

The 2014 Series A Bonds are special obligations of The Metropolitan District, Hartford County, Connecticut (the "MDC" or the "District"), a body politic and corporate created by the Connecticut General Assembly in 1929 under Act No. 511 of the Special Acts of 1929 (as amended, the "MDC Charter"), and are issued pursuant the MDC Charter and Chapter 103 of the Connecticut General Statutes, as amended (the "Act" and together with the MDC Charter, the "Authorizing Acts"), the Special Obligation Indenture of Trust by and between the MDC and U.S. Bank National Association (the "Trustee"), dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by the Second Supplemental Indenture thereto (the "Second Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture"), for the purpose of providing funds for the Clean Water Project described in this Official Statement (the "Clean Water Project"). The 2014 Series A Bonds are secured by a pledge of and payable from the Trust Estate, and are on a parity with the 2013 Series A Bonds described in this Official Statement heretofore issued (the "2013 Series A Bonds") and all other outstanding Bonds hereafter issued under the Indenture (together with the 2013 Series A Bonds and the 2014 Series A Bonds, the "Bonds"). The Trust Estate includes Pledged Revenues, which are special revenues to be received by the MDC from a Special Sewer Service Surcharge, together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate.

(See inside front cover for maturities, interest rates and prices or yields.)

The 2014 Series A Bonds are not a general obligation of the MDC. The 2014 Series A Bonds shall not be deemed to constitute a debt or liability of the State of Connecticut (the "State") or of any political subdivision thereof other than the MDC or a pledge of the faith and credit of the State or of any such political subdivision including the MDC, but shall be payable solely from the Trust Estate. Neither the State of Connecticut nor any political subdivision thereof other than the MDC shall be obligated to pay the same or the interest thereon except from the Trust Estate, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the 2014 Series A Bonds.

The 2014 Series A Bonds are issuable only as fully-registered bonds, without coupons, and when issued will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2014 Series A Bonds. Purchases of the 2014 Series A Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2014 Series A Bonds. So long as Cede & Co. is the bondowner, as nominee of DTC, reference herein to the bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the 2014 Series A Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Principal of and semiannual interest on the 2014 Series A Bonds will be paid directly to DTC by U.S. Bank National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the bondowner. Interest on the 2014 Series A Bonds will be payable semiannually on May 1 and November 1 in each year, commencing May 1, 2015. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The 2014 Series A Bonds are subject to redemption prior to maturity, as more fully described herein.

The 2014 Series A Bonds are offered when, as, and if issued and received the Underwriters, subject to the approval of legality by Hinckley, Allen & Snyder LLP, Hartford, Connecticut and Finn Dixon & Herling LLP, Stamford, Connecticut, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, New York, New York. It is expected that the 2014 Series A Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about November 14, 2014.

J.P.Morgan

Estrada Hinojosa & Company, Inc. **Morgan Stanley**
Roosevelt & Cross, Inc. **Siebert Brandford Shank & Co., L.L.C.**

October 28, 2014

$140,000,000

THE METROPOLITAN DISTRICT

Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds)

MATURITY SCHEDULE

Year November 1	Principal Amount	Interest Rate	Yield	CUSIP†
2015	$2,510,000	3.00%	0.130%	416498 AZ6
2016	$2,680,000	3.00%	0.430%	416498 BA0
2017	$2,760,000	4.00%	0.710%	416498 BB8
2018	$2,870,000	5.00%	0.990%	416498 BC6
2019	$3,015,000	2.00%	1.260%	416498 BD4
2020	$3,075,000	5.00%	1.510%	416498 BE2
2021	$3,225,000	4.00%	1.790%	416498 BF9
2022	$3,355,000	5.00%	2.010%	416498 BG7
2023	$3,525,000	5.00%	2.170%	416498 BH5
2024	$3,700,000	5.00%	2.300%	416498 BJ1
2025	$3,885,000	5.00%	2.410%*	416498 BK8
2026	$4,080,000	5.00%	2.510%*	416498 BL6
2027	$4,285,000	5.00%	2.620%*	416498 BM4
2028	$4,495,000	5.00%	2.700%*	416498 BN2
2029	$4,720,000	5.00%	2.760%*	416498 BP7
2030	$4,960,000	5.00%	2.830%*	416498 BQ5
2031	$5,205,000	5.00%	2.890%*	416498 BR3
2032	$5,465,000	5.00%	2.950%*	416498 BS1
2033	$5,740,000	5.00%	3.000%*	416498 BT9
2034	$6,025,000	5.00%	3.050%*	416498 BU6
2035	$6,330,000	5.00%	3.100%*	416498 BV4
2036	$6,645,000	5.00%	3.140%*	416498 BW2
2037	$6,975,000	5.00%	3.180%*	416498 BX0

$ 40,475,000 5% Term Bond due November 1, 2042 Yield: 3.300%* CUSIP: 416498 BY8

*Priced at the stated yield to the November 1, 2024 optional redemption date at a redemption price of 100%; however, any such redemption is at the optional election of the MDC. See "DESCRIPTION OF THE 2014 SERIES A BONDS—Optional Redemption" herein.

† The CUSIP numbers have been assigned by an independent company not affiliated with the MDC and are included solely for the convenience of the holders of the 2014 Series A Bonds. None of the MDC, the Trustee or the Underwriters are responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the 2014 Series A Bonds or as indicated above. The CUSIP numbers are subject to being changed after the issuance of the 2014 Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2014 Series A Bonds as a result or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2014 Series A Bonds.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2014 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Metropolitan District and other sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of said MDC since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014 SERIES A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

In making an investment decision, investors must rely on their own examination of the security for the 2014 Series A Bonds and terms of this offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commissioners or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

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

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Official Statement includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Without limiting the foregoing, the words “may,” “believe,” “may,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the MDC up to, and including, the date of this document, and the MDC assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those contained in this Official Statement, including the cautionary statements under the caption “Considerations for Bondholders.” Investors should carefully review those factors.

TABLE OF CONTENTS

THE METROPOLITAN DISTRICT

DISTRICT CHAIRS AND DISTRICT OFFICIALS

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

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

Financial Advisors

First Southwest Company
Lamont Financial Services Corporation

Independent Accountants

Blum, Shapiro & Company, P.C.

Co-Bond Counsel

Finn Dixon & Herling LLP
Hinckley, Allen & Snyder LLP

Bond Trustee

U.S. Bank National Association

BOND ISSUE SUMMARY

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

Issuer:	The Metropolitan District, Hartford County, Connecticut (the "MDC" or the "District").
Issue:	$140,000,000 Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds) (the "2014 Series A Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Each May 1 and November 1, commencing May 1, 2015
Principal Due:	Annually each November 1, from 2015 to 2042
Authorization:	The 2014 Series A Bonds are authorized pursuant to Act No. 511 of the Special Acts of 1929 (as amended, the "MDC Charter") and Chapter 103 of the Connecticut General Statutes, as amended (the "Act" and together with the MDC Charter, the "Authorizing Acts"), and are authorized, issued and secured under the provisions of a Special Obligation Indenture of Trust dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by a Second Supplemental Indenture (the "Second Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture"), by and between the MDC and U.S. Bank National Association, acting as trustee (the "Trustee").
Use of Proceeds:	The proceeds of the 2014 Series A Bonds will be used to (i) permanently fund bond anticipation notes of the MDC maturing on December 5, 2014, (ii) finance the District's Clean Water Project, and (iii) pay costs of issuance related to the 2014 Series A Bonds. See "Clean Water Project" herein.
Redemption:	Certain of the 2014 Series A Bonds **are** subject to redemption prior to maturity as described herein.
Security:	The 2014 Series A Bonds will be special obligations of the District payable solely from the Trust Estate. See "Security for the 2014 Series A Bonds" herein.
Credit Ratings:	The District has received credit ratings of "Aa2" from Moody's Investors Service, Inc., ("Moody's") and "AA" from Standard & Poor's, a division of McGraw-Hill Companies, Inc. ("S&P") on the 2014 Series A Bonds. See "Ratings" herein.
Tax Exemption:	See "Tax Exemption" herein.
Bank Qualification:	The 2014 Series A Bonds shall not be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the 2014 Series A Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of certain events within 10 days of the occurrence of such events, and (iii) timely notice of the failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the 2014 Series A Bonds pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut.
Legal Opinion:	Hinckley, Allen & Snyder LLP Hartford, Connecticut, and Finn Dixon & Herling LLP, Stamford, Connecticut, will serve as Co-Bond Counsel.
Delivery and Payment:	It is expected that delivery of the 2014 Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 14, 2014.
Issuer Official:	Questions concerning the District and the 2014 Series A Bonds should be addressed to: Mr. John M. Zinzarella, Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, telephone: 860-278-7850 Ext. 3345, The Metropolitan District, Hartford County, 555 Main Street, Second Floor, Hartford, Connecticut 06103.
Financial Advisors:	First Southwest Company and Lamont Financial Services Corporation are serving as Financial Advisors to the MDC.

$140,000,000

THE METROPOLITAN DISTRICT

Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds)

INTRODUCTORY STATEMENT

This Official Statement, including the appendices attached hereto, is provided for the purpose of presenting certain information in connection with the offering and sale of an aggregate of $140,000,000 Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds) (the "2014 Series A Bonds") of The Metropolitan District, Hartford County, Connecticut (the "MDC" or the "District"). The 2014 Series A Bonds are authorized pursuant to Act No. 511 of the Special Acts of 1929 (as amended, the "MDC Charter") and Chapter 103 of the Connecticut General Statutes, as amended (the "Act" and together with the MDC Charter, the "Authorizing Acts"), and are authorized, issued and secured under the provisions of a Special Obligation Indenture of Trust dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by a Second Supplemental Indenture (the "Second Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture"), by and between the MDC and U.S. Bank National Association, acting as trustee (the "Trustee"), for the benefit of holders of the Bonds issued under the Special Obligation Indenture.

The Authorizing Acts establish the MDC as a body politic and corporate of the State of Connecticut (the "State").

All references herein to the Authorizing Acts, the Indenture and the 2014 Series A Bonds are qualified in their entirety by reference to the definitive documents. Capitalized terms have the meaning given to them in this Official Statement, including APPENDIX D hereto.

The 2014 Series A Bonds are issued on a parity with (1) the outstanding $84 million Clean Water Project Revenue Bonds, 2013 Series A (the "2013 Series A Bonds") issued and outstanding under the Special Obligation Indenture, and (2) any additional Bonds which may be issued under the Indenture. The District expects to issue additional Bonds pursuant to the Indenture, all such Bonds to be secured on a parity basis with the 2013 Series A Bonds and the 2014 Series A Bonds. (See "SECURITY FOR THE 2014 SERIES A BONDS" and "PLAN OF FINANCE"). Currently, the District also has outstanding other bonds not issued pursuant to the Indenture and not secured by the Trust Estate. In addition, the District expressly reserves the right to adopt amendments to the Indentures to issue subordinated bonds, and to adopt additional indentures, to issue indebtedness thereunder, and to pledge other assets not in the Trust Estate to the payment of such indebtedness.

The District

The Metropolitan District was created by the Connecticut General Assembly in 1929 as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, a complete, adequate and modern system of water supply, sewage collection and sewage 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 certain non-member towns and state facilities. These towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor and Windsor Locks.

Use of the 2014 Series A Bond Proceeds

The proceeds of the 2014 Series A Bonds will be used to (i) permanently fund bond anticipation notes of the MDC maturing on December 5, 2014, (ii) pay a portion of the costs of certain capital improvements to the System relating to the Clean Water Project (as further described herein), and (iii) pay costs of issuance related to the 2014 Series A Bonds.

DESCRIPTION OF THE 2014 SERIES A BONDS

General

The 2014 Series A Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of $5,000, or any integral multiple thereof.

The 2014 Series A Bonds will be dated the date of delivery, and will mature on November 1 in each of the years and in the amounts and will bear interest payable semiannually on May 1 and November 1, in each year, commencing May 1, 2015, at the rates per annum set forth on the inside cover page of this Official Statement.

Principal of and interest on the 2014 Series A Bonds will be paid directly to The Depository Trust Company ("DTC") by U.S. Bank National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the bondowner. See "Book-Entry-Only System."

Redemption

Optional Redemption. The 2014 Series A Bonds maturing on and after November 1, 2025 will be subject to redemption prior to their maturity, in whole or in part at any time on or after November 1, 2024 (each herein a "Redemption Date") from time to time, at the election of the District, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued and unpaid interest thereon to the Redemption Date.

If less than all of the 2014 Series A Bonds are to be so redeemed, the 2014 Series A Bonds (or portions thereof) to be redeemed shall be selected by the Trustee in accordance with DTC procedures (so long as DTC or its nominee is the bondowner) or by lot or in any customary manner of selection as determined by the Trustee.

Mandatory Sinking Fund Redemption. The 2014 Series A Bonds maturing on November 1, 2042 are subject to mandatory sinking fund redemption in part as selected by the Trustee in accordance with DTC procedures (so long as DTC or its nominee is the bondowner) or by lot at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon to the date specified for redemption, on November 1 in each of the years set forth in the following table, in the principal amount specified in each of such years:

Year	Term Bond Sinking Fund Payment
2038	$7,325,000
2039	$7,690,000
2040	$8,075,000
2041	$8,480,000
2042	$8,905,000**

** Final Maturity

The MDC, at its option, may credit against any mandatory sinking fund redemption requirement any term bonds of the maturity then subject to redemption which have been purchased and canceled by the MDC or which have been redeemed and not previously applied as a credit against any mandatory sinking fund redemption requirement.

Notice of Redemption. Notice of redemption shall be mailed not less than twenty (20) nor more than forty-five (45) days prior to the respective Redemption Date (or such greater period of time as may be required by any Securities Depository), by first-class mail, to the registered owner of such bond at such bondowner's address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose.

BOOK-ENTRY-ONLY SYSTEM

For a description of the Book-Entry System, see Appendix F.

Effect of Discontinuance of Book-Entry System

The following procedures shall apply if the book-entry system is discontinued with respect to the 2014 Series A Bonds.

Principal and Interest Payments. Principal of the 2014 Series A Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2014 Series A Bonds will be payable to the registered owner thereof as of each record date on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of $1,000,000 or more in aggregate principal amount of 2014 Series A Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate trust office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2014 Series A Bonds, and, upon presentation of 2014 Series A Bonds for each such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2014 Series A Bonds. Any 2014 Series A Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2014 Series A Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2014 Series A Bond shall be surrendered for transfer, the MDC shall execute and the Trustee shall authenticate and deliver a new 2014 Series A Bond of the same maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2014 Series A Bond during the period twenty (20) days before the mailing of a notice of redemption. The Trustee shall require the 2014 Series A Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or MDC in connection with such exchange.

SOURCES AND USES OF PROCEEDS OF THE 2014 SERIES A BONDS

The MDC expects to apply the proceeds from the sale of the 2014 Series A Bonds for the purpose of financing a portion of the cost of the Clean Water Project as follows:

Sources:	
Par Amount of the 2014 Series A Bonds	$140,000,000
Premium	22,778,145
Total Sources	$162,778,145
Uses:	
Payment of Bond Anticipation Notes Maturing December 5, 2014	$140,000,000
Underwriter's Discount	181,472
Costs of Issuance	425,000
Additional Proceeds for Clean Water Project	22,171,673
Total Uses	$162,778,145

Amounts in the Bond Proceeds Account and Costs of Issuance Account, under the Special Obligation Indenture, shall be invested by the Trustee at the direction of an Authorized Officer of the MDC in such Investment Obligations as are permitted by the Special Obligation Indenture.

SECURITY FOR THE 2014 SERIES A BONDS

Special Sewer Service Surcharge

The 2014 Series A Bonds are secured by a pledge of and payable from the Trust Estate, including Pledged Revenues, which are special revenues to be received by the MDC from its "Special Sewer Service Surcharge", described below together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. The 2014 Series A Bonds are secured by the Trust Estate on a parity with the 2013 Series A Bonds and all other outstanding Bonds hereafter issued under the Special Obligation Indenture.

The Special Sewer Service Surcharge is a charge applied to the water bill of a property owner who utilizes any of the services of the MDC for sewage collection, treatment and disposal.

The Authorizing Acts provide that the foregoing pledge made in the Indenture shall be valid and binding from the date of the Special Obligation Indenture; the revenues, receipts, funds or moneys so pledged and thereafter received by the MDC shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any pledge made under the Indenture shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the MDC, irrespective of whether such parties have notice thereof. In furtherance of the pledge, the Indenture requires the MDC promptly to turn over to the Trustee for deposit in the Revenue Fund all Pledged Revenues received by it.

The 2014 Series A Bonds are not a general obligation of the MDC. The 2014 Series A Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof other than the MDC or a pledge of the faith and credit of the State or of any such political subdivision including the MDC, but shall be payable solely from the Trust Estate. Neither the State nor any political subdivision thereof other than the MDC shall be obligated to pay the same or the interest thereon except from the Trust Estate, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the 2014 Series A Bonds.

The Special Sewer Service Surcharge by ordinance may be used only to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project. As such, it is available only to pay debt service on the Bonds, any subordinate revenue bonds, and any general obligations bonds or Clean Water Fund borrowings issued to finance the Clean Water Project. It is not available to pay operating expenses of the District. The Indenture permits Special Sewer Service Surcharge revenues in the Rate Stabilization Fund to be withdrawn to pay capital expenditures of the Clean Water Project. The District is in the process of amending the ordinance to allow this use.

The Flow of Funds in the Special Obligation Indenture

The MDC is to turn over Pledged Revenues promptly (at least monthly) to the Trustee for deposit into the Revenue Fund.

On the fifth day of each month (or, if not a Business Day, on the next succeeding Business Day) the Trustee will withdraw from the Revenue Fund the amounts on deposit in the Revenue Fund to deposit or credit the following accounts and funds:

FIRST, unless otherwise provided in any Supplemental Indenture with respect to Bonds,

-- Into the Interest Account, the amount accrued for the prior month as interest on the Bonds or Swaps, if any, for each Series of Bonds or Swap Payments on Swaps accrued for the prior month less any Swap Receipts accrued for the prior month, provided that the deposit immediately preceding any Interest

Payment Date shall be the balance necessary to make such payment, as well as all amounts accrued for the prior month as Term-Out Payments in respect of a Swap.

-- Into the Principal Installment Account, the amount accrued for the prior month as principal due on each Series of Bonds, whether at maturity or pursuant to mandatory sinking fund redemption on the next scheduled Principal Installment Date, provided that the deposit immediately preceding any Principal Installment Date shall be the balance necessary to make such payment.

SECOND – pro rata, to each debt service reserve fund created pursuant to the terms of any Supplemental Indenture for the benefit of any Series of Bonds to cause any debt service reserve fund requirement established under such Supplemental Indenture to be satisfied.

THIRD – to any other trustee or paying agent for indebtedness of the MDC (this is intended to allow for the issuance of revenue bonds structurally subordinated to the Bonds).

FOURTH – into the Redemption Fund, the amount, if any specified in writing by the MDC to the Trustee.

FIFTH – into the Rate Stabilization Fund, the balance. Potential uses of the balances in the Rate Stabilization Fund are discussed in detail below in "The Rate Stabilization Fund".

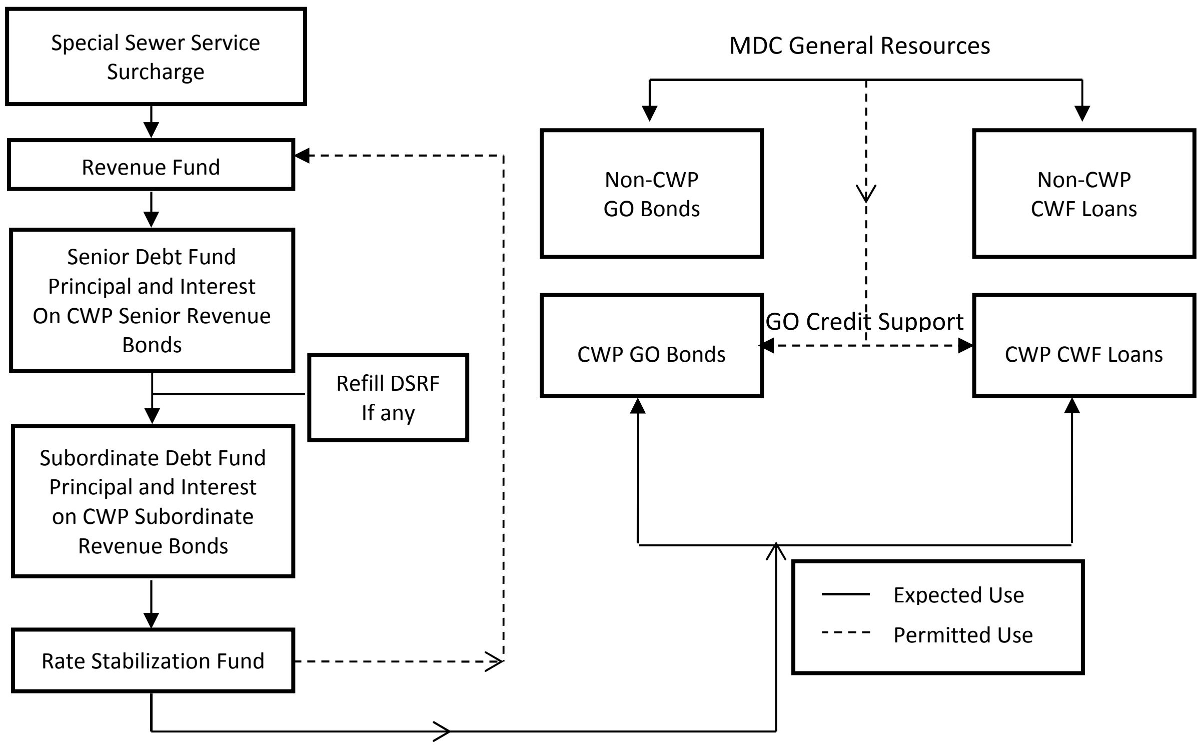
The fact that the MDC has not received sufficient Pledged Revenues with which to make the deposits or credits each month as prescribed above is not, by the fact itself, to be construed as an "Event of Default" under the Indenture.

The Rate Stabilization Fund

The Rate Stabilization Fund is intended to allow the MDC to manage the impact of the Special Sewer Service Surcharge upon ratepayers by allowing moneys to accumulate in the fund prior to the years of peak debt service on Clean Water Project borrowings and be used to offset year to year increases in the Special Sewer Service Surcharge that otherwise would be required if it were to match the year to year increases in debt service. The Rate Stabilization Fund also cushions the MDC against shortfalls in collections. For purposes of the debt service coverage covenant and the additional bonds test, the amount of such deposits that can be included as Revenues Available for Debt Service in any Fiscal Year is limited to 35% of Debt Service Requirements for such Fiscal Year.

The MDC may also withdraw amounts in the Rate Stabilization Fund for purposes constituting a permitted use of the Special Sewer Service Surcharge as set out in the ordinance establishing such surcharge. Currently the ordinance only permits the Special Sewer Service Surcharge to be used for payment of principal and interest for indebtedness incurred to finance the Clean Water Project (whether Bonds, subordinate revenue bonds, Clean Water Fund loans, or general obligation bonds). If the ordinance were subsequently amended to provide broader use of the Special Sewer Service Surcharge, the Indenture nevertheless limits the use of amounts withdrawn from the Rate Stabilization Fund to capital expenditures for purposes of the Clean Water Project, and debt service on indebtedness incurred for purposes of the Clean Water Project. As of December 31, 2013, there was a net balance of $92.3 million on deposit in the Rate Stabilization Fund.

The following diagram illustrates the overall fund flows.



Rate Covenant

The Indenture includes a rate covenant (the "Coverage Covenant") providing that the MDC will establish, fix, and revise from time to time, prior to and during each Fiscal Year, and shall collect in each Fiscal Year beginning with the first complete Fiscal Year after issuance of the 2013 Series A Bonds, rates, fees and charges representing Pledged Revenues so that the amount of Revenues Available for Debt Service for such Fiscal Year, as certified by an Authorized Officer based on the MDC's audited financial statements for such Fiscal Year, is equal to no less than an amount equal to 1.20 times the Debt Service Requirements in such Fiscal Year. In calculating Revenues Available for Debt Service, the MDC may withdraw moneys from the Rate Stabilization Fund and deposit them in the Revenue Fund, provided that the amount of such deposit that may be included as Revenues Available for Debt Service in a Fiscal Year is limited to 35% of Debt Service Requirements in such Fiscal Year.

Additional Bonds

Pursuant to the Indenture, Special Obligation Bonds of the MDC are authorized to be issued without limitation as to amount except as provided in the Indenture or as may be limited by law.

The Indenture provides that no Additional Series of Bonds may be authorized and issued under the Indenture unless a certificate of an Authorized Officer of the MDC shall have been delivered to the Trustee stating that (i) the Revenues Available for Debt Service, based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds has been, with respect to either of the two prior Fiscal Years, equal to an amount at least 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year, or (ii) the Revenues Available for Debt Service for either of the last two Fiscal Years, adjusted for any adopted increases in the Special Sewer Service Surcharge as if such increases had been in effect from the beginning of such Fiscal Year, were equal to an amount at least 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year.

No Debt Service Reserve Fund

The Indenture does not create a debt service reserve fund, but such accounts may be established in the future by a Supplemental Indenture to the Special Obligation Indenture. The 2014 Series A Bonds will not be secured by a debt service reserve fund.

Remedies Do Not Include Acceleration

The Indenture provides for Events of Default, including (i) failure to pay principal and interest on any Bonds, (ii) failure to comply with the Indenture or default in the performance or observance of any covenant or agreement contained in the Indenture, any supplemental indenture or any Bond, upon written notice given by the Trustee or the holders of not less than one-third in principal amount of the Bonds. Upon the occurrence and continuance of an Event of Default, the Trustee may proceed to protect and enforce the rights of the bond holders by, among other things, mandamus or other suit, action or proceeding at law or in equity.

No property other than the Trust Estate is pledged or mortgaged to secure the Bonds, and remedies available do not include acceleration of payment of the principal of the Bonds.

Covenant of the State

Section 11 of S.A. 14-21 provides:

> The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes and other obligations issued by the Metropolitan District in Hartford County created pursuant to number 511 of the special acts of 1929, as amended, under the authority of chapter 103 of the general statutes or under section 4 of special act 90-27, as amended by section 6 of public act 93-380 and section 10 of this act, which are payable solely from the income and revenue of a particular facility, system or program or the revenues to be derived from sewerage system use

> charges, and with those parties who may enter into contracts with the district in respect of the same, that the state will not limit or alter the rights vested in the authority to charge and collect such income, revenues, or sewerage system use charges, or in the holders of any bonds, notes or other obligations of the district until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the district, provided nothing contained herein shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds, notes and other obligations of the district or those entering into contracts with the district. The district is authorized to include this pledge and undertaking for the state in such bonds, notes and other obligations or contracts.

The Bonds are issued pursuant to the authorizations referred to in Section 11, and accordingly the MDC has included the foregoing pledge in the Second Supplemental Indenture.

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 District. 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 which will increase the capacity of the system to handle sewer system flows and improve the level of treatment. Phase I is approximately 69% 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 200 feet deep, an estimated 22 feet in diameter and three miles long. It will be able to store up to 60 million gallons of sewage until it can be released and treated at the Hartford water pollution control facility. Phase II is approximately 3% 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.

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

Regulatory status. A significant component of the Clean Water Project is the District's Long Term CSO Control Plan ("LTCP"). The LTCP was originally completed in 2005, and was an outgrowth of the District's prior compliance program. The Connecticut Consent Order requires the District to submit to DEEP an updated plan roughly every five years, most recently by December 31, 2012. The District'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 District that it believed the CSO elimination goal of the South Tunnel required compliance with a higher standard than the District had understood was required. In August 2014 the District submitted a revised LTCP which it believes demonstrates compliance. Based on discussions with DEEP, the District anticipates DEEP will move to approve the revised plan, which requires a public comment period. If DEEP does not approve the revised LTCP, additional elements may need to be added to the Clean Water Project upstream from the South Tunnel. The District can give no assurances that approval will be forthcoming, whether and what kind of additional design elements will be required, or the additional expense that may be required.

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. Appropriations 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, currently expected to be in 2017. 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 District to expect completion of Phase II in 2024. Phase III is currently proposed to be completed in 2026. The District 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 District 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 District cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

As noted below under "Plan of Finance", 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.

PLAN OF FINANCE

The District's goal is to fund approximately 50 – 55% of the Clean Water Project with revenue bonds or general obligation debt supported by the Special Sewer Service Surcharge and to fund approximately 30% of the cost with State and Federal lost-cost, State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program ("Clean Water Fund") also supported by the Special Sewer Service Surcharge. Finally, it is 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 $122 million in State and Federal grants to the Clean Water Project, and committed approximately $218 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, and expects further bonds issued to finance the Clean Water Project to be Bonds issued pursuant to the Special Obligation Indenture.

The Special Sewer Service Surcharge by ordinance may be used only to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project. As such, it is available only to pay Bonds, subordinate revenue bonds, and general obligation bonds and Clean Water Fund borrowings issued to finance the Clean Water Project. It is not available to pay operating expenses, but the District is in the process of amending the ordinance to permit the Special Sewer Service Surcharge to be used to pay for Clean Water Project capital expenditures within the limitations of the Indenture.

Further, 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 Bonds issued under the Special Obligation Indenture may be issued by the MDC without limiting its ability to borrow for its other capital purposes.

Last, 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, including the 2014 Series A Bonds, 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.

The following table shows the estimated future debt service requirements on outstanding Bonds and the 2014 Series A Bonds.

Estimated Annual Debt Service on Outstanding Bonds
Pro Forma as of November 14, 2014

Fiscal Year Ended December 31	Outstanding Revenue Bonds	Principal	Interest	Total
2015	$4,891,250	$2,510,000	$6,502,298	$13,903,548
2016	4,846,250	2,680,000	6,670,600	14,196,850
2017	4,796,250	2,760,000	6,590,200	14,146,450
2018	4,760,000	2,870,000	6,479,800	14,109,800
2019	4,728,750	3,015,000	6,336,300	14,080,050
2020	4,683,750	3,075,000	6,276,000	14,034,750
2021	4,633,750	3,225,000	6,122,250	13,981,000
2022	4,583,750	3,355,000	5,993,250	13,932,000
2023	4,533,750	3,525,000	5,825,500	13,884,250
2024	4,483,750	3,700,000	5,649,250	13,833,000
2025	4,433,750	3,885,000	5,464,250	13,783,000
2026	4,392,500	4,080,000	5,270,000	13,742,500
2027	4,360,000	4,285,000	5,066,000	13,711,000
2028	4,326,875	4,495,000	4,851,750	13,673,625
2029	4,465,375	4,720,000	4,627,000	13,812,375
2030	4,547,500	4,960,000	4,391,000	13,898,500
2031	6,606,500	5,205,000	4,143,000	15,954,500
2032	8,420,000	5,465,000	3,882,750	17,767,750
2033	9,970,625	5,740,000	3,609,500	19,320,125
2034	11,135,000	6,025,000	3,322,500	20,482,500
2035	10,685,000	6,330,000	3,021,250	20,036,250
2036	10,235,000	6,645,000	2,704,750	19,584,750
2037	8,836,775	6,975,000	2,372,500	18,184,275
2038	8,500,325	7,325,000	2,023,750	17,849,075
2039	8,178,550	7,690,000	1,657,500	17,526,050
2040	-	8,075,000	1,273,000	9,348,000
2041	-	8,480,000	869,250	9,349,250
2042	-	8,905,000	445,250	9,350,250
	$156,035,025	$140,000,000	$121,440,448	$417,475,473

The following table shows the breakdown of expected expenditures of the MDC in the next five years for the Clean Water Project.

Projected and Historical Clean Water Project Expenditures: 2011-2018
(millions)

	2011	2012	2013	2014	2015	2016	2017	2018
Combined Sewer Overflow Sewer Separation	$22.7	$38.5	$43.7	$59.9	$29.8	$1.5	$5.5	$1.6
Sanitary Sewer Overflow Improvements	2.5	4.4	20.4	22.8	28.8	67.9	55.0	2.6
Biological Nitrogen Removal	2.2	11.4	18.5	3.5	--	--	--	--
Program Management & Administration and Program Contingency	20.9	15.6	13.8	21.5	15.0	12.0	10.0	3.6
Tunnels and Conduits	5.9	4.1	5.8	11.0	8.7	18.9	28.1	51.1
Hartford Water Pollution Control Facility	53.7	24.3	16.9	23.0	31.2	64.7	71.3	70.1
Total	$107.9	$98.3	$119.1	$141.7	$113.5	$165.0	$169.9	$129.0

Historical and Projected Project Funding

The following tables shows historical and projected funding sources for the Clean Water Project.

Actual Clean Water Project Funding
(millions)

	2009	2010	2011	2012	2013	Total
Revenue Bonds	-	-	-	-	$85.000	$85.000
CWF Loans (1)	$4.007	-	$0.058	$30.765	77.549	112.379
GO Bonds (2)	-	$46.200	-	-	25.030	71.230
Total Debt	$4.007	$46.200	$0.058	$30.765	$187.579	$268.609

(1) Clean Water Fund loans become permanently financed and begin principal payments 6 months after the scheduled completion date of the project financed. The amounts in the table represent loans permanently financed; actual funding may have occurred in prior periods. The MDC had $85.201 million of interim funding obligations outstanding at year end 2013 with respect to the Clean Water Project.

(2) In addition the District had $130 million of General Obligation Bond Anticipation Notes outstanding as of December 31, 2013, a portion of which are being refunded with the 2014 Series A Bonds and the balance of which will be refunded with other Bonds.

Projected Clean Water Project Funding (1)
(millions)

	2014	2015	2016	2017	Total
Revenue Bonds	$140.000	$140.000	-	-	$280.000
CWF Loans (2)	24.821	64.065	$90.013	$32.100	210.998
GO Bonds	-	-	-	-	
Total Debt	$164.821	$204.065	$90.013	$32.100	$490.998

1. Projections based on expected construction spending for the Clean Water Project.
2. Clean Water Fund loans become permanently financed and begin principal payments 6 months after the scheduled completion date of the project financed. The amounts in the table represent loans expected to be permanently financed; actual funding is expected to have occurred in prior periods.

The MDC believes that expected customer billings, including the Special Sewer Service Surcharge, will continue to be affordable, as set out in the following table.

Projected MDC Rate Burden

	2014	**2015**	**2016**	**2017**
Base Water Rate per CCF	$2.53	$2.53	$2.59	$2.66
Special Sewer Service Surcharge Rates per CCF	$2.90	$2.90	$3.15	$3.50
Representative Annual Water Bill based on 105 CCF Usage*	$570	$570	$603	$647

* Excludes other revenue sources, such as the component of the MDC's charges contained in property taxes.

The MDC has a widely diversified base of rate payers. The table below shows the top payers of the Special Sewer Service Surcharge and the percentage of collections represented by each.

Top Special Sewer Service Surcharge Rate Payers 2013[1]

	Hundreds of Cubic Feet Usage	Special Sewer Service Surcharge Revenue (Millions)	% of Total Surcharge Revenues	Cumulative Total %
Hartford Hospital	212,721	$0.51	1.4%	1.4%
City of Hartford	199,846	$0.48	1.3%	2.6%
State of Connecticut	143,087	$0.34	0.9%	3.6%
Hartford Housing Authority	136,506	$0.33	0.9%	4.4%
United Technologies Corp	135,604	$0.33	0.9%	5.3%
UConn Health Center	121,217	$0.29	0.8%	6.1%
Cellu Tissue Corp	114,126	$0.27	0.7%	6.8%
Coca Cola Bottling Co	92,242	$0.22	0.6%	7.4%

[1]Includes governmental and not-for-profit entities

HISTORICAL COLLECTIONS

The Special Sewer Service Surcharge has been assessed and collected since January 1, 2008. As of December 31, 2013 and in total, the MDC has collected $117.825 million since 2008. The average collection rate of customers paying on time and in full since the inception of the Special Sewer Service Surcharge is 95.3%. The following table shows historical collections and amounts used to fund Clean Water Project debt service. Remaining collections will be transferred to the Rate Stabilization Fund.

	2009	2010	2011	2012	2013
Special Sewer Service Surcharge	$9,661,762	$15,761,599	$16,579,932	$30,975,490	$37,373,125
Total Pledged Revenues	$9,661,762	$15,761,599	$16,579,932	$30,975,490	$37,373,125
Revenue Bond Debt Service					$1,113,854
General Obligation Bond Debt Service	--	--	$2,767,075	$2,771,125	$3,220,756
Clean Water Fund Loan Debt Service (1)	--	--	--	4,257,020	$8,217,988
Total Uses	--	--	$2,767,075	$7,028,145	$12,552,328

(1) Clean Water Fund loan debt service eligible to be paid from the Special Sewer Service Surcharge was $2,886,263, $2,236,074 and $2,360,313 for years 2009, 2010 and 2011, respectively.

ACTUAL AND PROJECTED SPECIAL SEWER SERVICE SURCHARGE RATES, REVENUES AND DEBT SERVICE COVERAGE

	2013	2014	2015	2016	2017
Special Sewer Service Surcharge Rate (1) (per ccf)	2.40	2.90	2.90	3.15	3.50
Special Sewer Service Surcharge (2)	$37,373,125	$49,424,700	$49,424,700	$53,685,450	59,650,500
Total Pledged Revenues	$37,373,125	$49,424,700	$49,424,700	$53,685,450	59,650,000
Outstanding Senior Bond Debt Service	1,113,854	4,921,250	4,891,250	4,846,250	4,796,250
Projected Senior Bond Debt Service (3)			9,012,298	18,196,464	18,223,229
Total Senior Bond Debt Service (3)	$1,113,854	$4,921,250	$13,903,548	$23,042,714	$23,019,479
Debt Service Coverage	33.6x	10.0x	3.6x	2.3x	2.6x
Subordinate Revenue Bonds (4)	--	--	--	--	--
Available for transfer to Rate Stabilization Fund	$36,259,271	$44,503,450	$35,521,152	$30,642,736	36,631,021
Potential Coverage with Use of Rate Stabilization Fund (5)	33.9x	10.4x	3.9x	2.7x	2.6x
Subordinate General Obligation Bond Debt Service (6)	$3,220,756	$4,899,538	$4,850,988	$4,795,263	$4,732,363
Clean Water Fund Loan Debt Service	8,217,988	9,489,699	14,110,720	15,804,268	18,355,493
Total Other Uses	$11,438,744	$14,389,237	$18,961,708	$20,599,530	$23,087,856
Expected Rate Stabilization Fund Balances at Fiscal Year End	$92,253,552	$122,367,766	$138,927,209	$148,970,415	$162,513,580

(1) Rates for 2014 and later are projected and will be determined as part of the MDC's annual budgeting process.

(2) Reflects surcharges projected to be approved during the annual budget process, and may be higher or lower than projected.

(3) Based on revenue bond issuances of $85 million in 2013 and $140 million in 2014 and projected issuances of $140 million in 2015, actual interest rates for the 2013 Series A Bonds and 2014 Series A Bonds and an assumed interest rate of 5.25% for subsequent Bonds.

(4) The Special Obligation Indenture allows for the issuance revenue bonds that would be structurally subordinated to the Bonds by the flow of funds established in the Special Obligation Indenture.

(5) Includes balances anticipated to be in the Rate Stabilization Fund and available to be transferred to Pledged Revenues by the MDC, and subject to an overall maximum of 35% of debt service on the 2014 Series A Bonds.

(6) Subordinate general obligation bonds are general obligation bonds of the MDC incurred for purposes of the Clean Water Project. General obligation bonds and Clean Water Fund loans for purposes of the Clean Water Project are not contractually subordinated but are structurally subordinated by the flow of funds established in the Special Obligation Indenture.

GREEN BOND DESIGNATION

The 2014 Series A Bonds are being identified as "Green Bonds." The purpose of labeling the offered bonds as "Green Bonds" is to allow investors to invest directly in bonds which finance environmentally beneficial projects, in this case the MDC's Clean Water Project.

The proceeds of the 2014 Series A Bonds are being used in part to refund outstanding general obligation bond anticipation notes of the District that were issued to finance the District's Clean Water Project. The District has adopted a practice of issuing notes to finance the District's Clean Water Project in a series separate and distinct from its general obligation bond anticipation notes issued for other purposes. Thus, the District can directly trace the use of proceeds of the 2014 Series A Bonds to the Clean Water Project.

The repayment obligations of the District with respect to the 2014 Series A Bonds are not conditioned on the completion of any particular element of the Clean Water Project, and holders of the 2014 Series A Bonds do not assume any specific risk with respect to any of the funded elements.

As described above under "Clean Water Project", the Clean Water Project has been designed to achieve compliance with the Governmental Orders. These orders require the MDC to achieve Federal Clean Water Act goals of eliminating sanitary sewer overflows (SSOs) by eliminating specific existing SSO outfalls in Newington, Rocky Hill, Wethersfield, West Hartford and Hartford, eliminating capacity-related SSOs (that is, the inability of the system to convey peak flows to water treatment facilities without overflows), eliminating combined sewer overflows (CSOs) in specific areas and otherwise implementing the MDC's Long-Term CSO Control Plan, and by reducing nitrogen discharge from water pollution control facilities to levels specified in its permits. The proceeds will be used for the construction of eligible projects identified in the District's Long Term Compliance Plan including design, overhead, and permitting costs that are directly related to the projects. No proceeds of the Bonds are being used for general capital expenditures, working capital, water system improvements, or routine sewer system maintenance and replacements.

As noted above under "Plan of Finance", the Clean Water Project is expected to be financed through the District's revenue bonds, including the 2014 Series A Bonds, the District's general obligation bonds, and Federal and State grants and loans from the State's Clean Water Fund. The Clean Water Project, to date, has received significant commitments from the State's Clean Water Fund. The Clean Water Fund allocates its resources according to a priority rating system based on criteria developed by DEEP. Further information concerning the Clean Water Fund is available at www.ct.gov/deep. The District has adopted the practice of applying for grants and loans from the State's Clean Water Fund for purposes of the Clean Water Project separate from the grants and loans it applies for other capital purposes, such as sewer projects and drinking water projects not directly for the purpose of the Clean Water Project. While these DEEP criteria and priority ratings are not necessarily applicable to each element of the Clean Water Project funded with the proceeds of the 2014 Series A Bonds, the District believes that each element is integral to completion of the Clean Water Project and that all funding sources should be considered as contributing to the funding of a qualifying Clean Water Project.

The use of the net proceeds of the 2014 Series A Bonds will be tracked by the District. So long as the 2014 Series A Bonds are outstanding, the balance of the net proceeds available will be reduced by amounts matching disbursements made for the Clean Water Project. Pending such disbursement, the net proceeds will be invested in accordance with the District's Investment Policy.

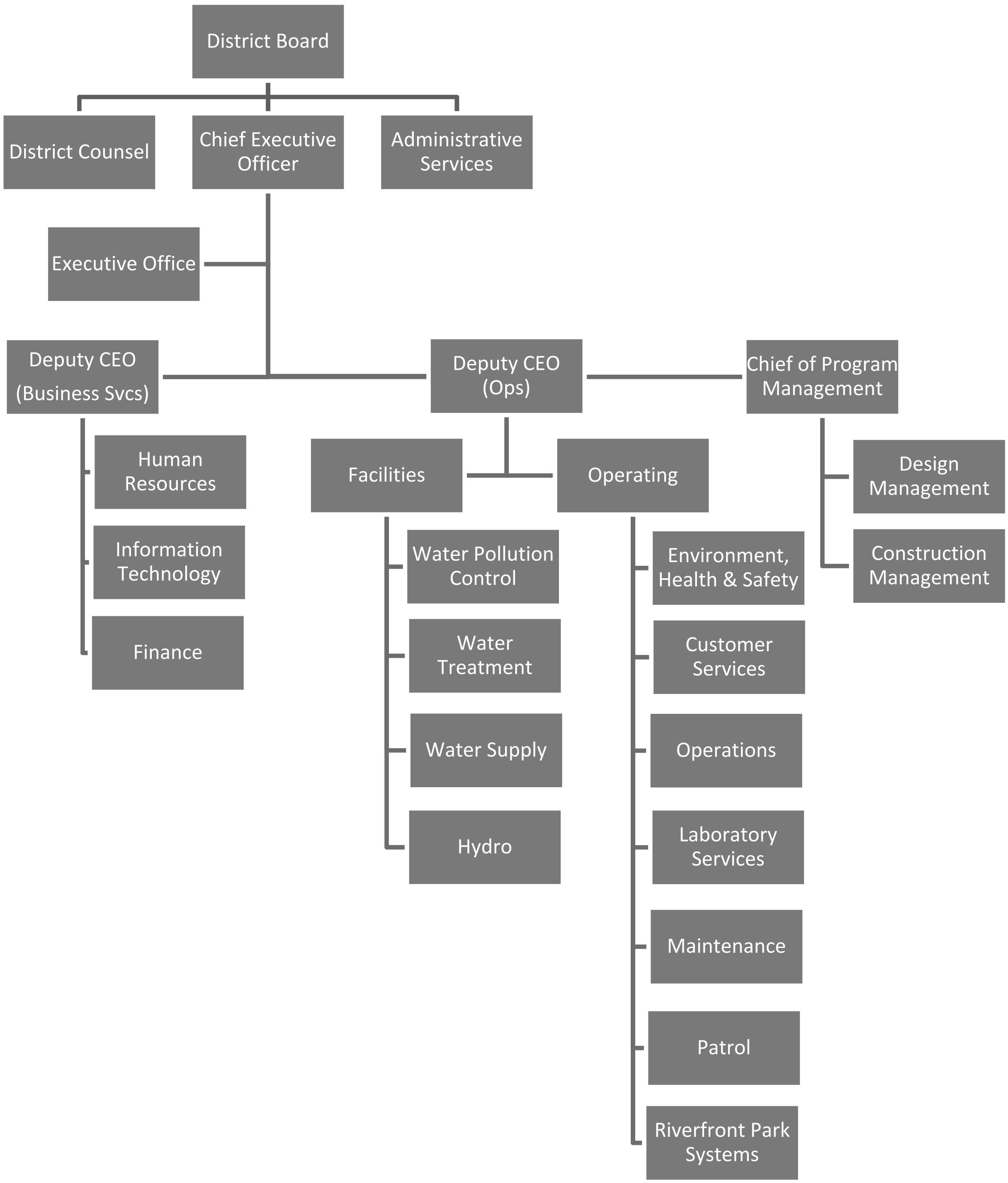
The table set forth under "Plan of Finance—Projected and Historical Clean Water Project Expenditures" identifies the project elements expected to be funded from the three funding sources, including the proceeds of the 2014 Series A Bonds. Under the District's Continuing Disclosure Agreement, the District will update this information annually via its website (www.themdc.com) and in its annual information statement filed with respect to the 2014 Series A Bonds with historical information identifying the project elements funded until all the proceeds of such bonds have been applied. Once all of the financed projects have been completed, no further updates will be provided.

THE METROPOLITAN DISTRICT

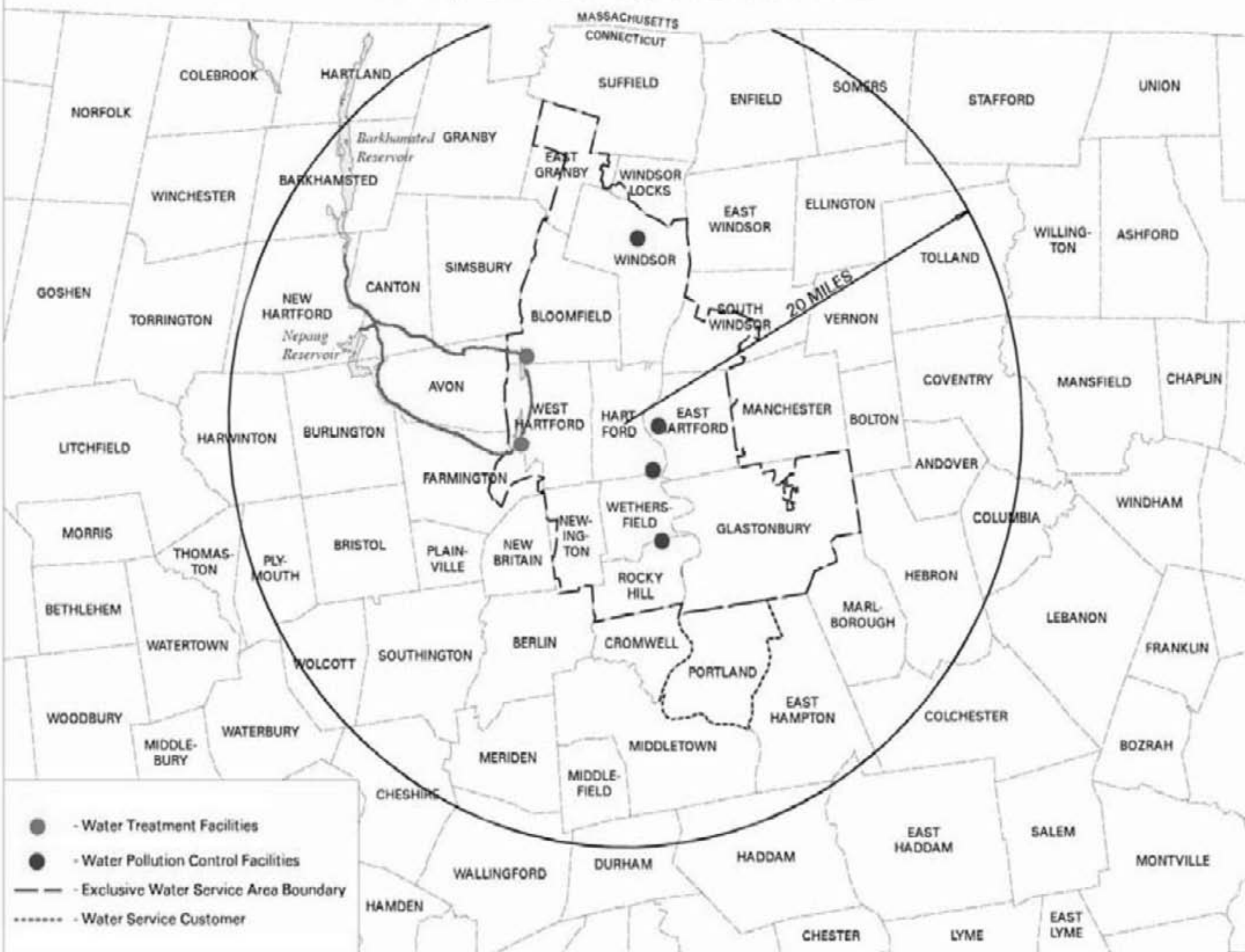
Description of The District

The Metropolitan District was created by the Connecticut General Assembly in 1929 as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, a complete, adequate and modern system of water supply, sewage collection and sewage 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 certain non-member towns and state facilities. These towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor and Windsor Locks.

Organizational Chart



The Metropolitan District Sources, Facilities and Service Limits



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 and those commissioners appointed by the member municipalities and legislative leadership serve until their successor is appointed and qualified and commissioners appointed by the Governor serve for the defined term.

DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP

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

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

Powers and Responsibilities of the District Board

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

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

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

Administration

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. In 2011, the District reorganized its internal structure to meet the ongoing demands of the District's Clean Water Project, the District's Asset Management Program and normal operations into two functions under the Deputy CEO of Engineering and Operations, and the Deputy CEO of Business Services.

The Deputy CEO of Engineering and Operations is responsible for design and construction of the District's Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, solid waste, water pollution control, water treatment and supply, and the customer service functions of the District. The Deputy CEO of Business Services has responsibility for the District's accounting, treasury, budget, purchasing, human resources, information technology, risk management and environment, health and safety functions.

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	2014
Personnel, Pension & Insurance	Alvin E. Taylor	2015
Board of Finance	Pasquale J. Salemi	2014

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

Source: District Officials.

Biographical Information

Charles P. Sheehan (65) – Chief Executive Officer: In March 2005, the MDC appointed Charles P. Sheehan as the District's eighth Chief Executive Officer. Prior to joining the MDC, Mr. Sheehan served as Executive Director of the Capital City Economic Development Authority ("CCEDA") from December 2003 to April 2005. He was responsible for the largest redevelopment project ($1 billion) in Connecticut history, including the development of the UConn Stadium at Rentschler Field, Capital Community College-Downtown Campus (G. Fox Building), Connecticut Convention Center, Redevelopment of the Hartford Civic Center and Marriott Hartford Downtown hotel (collectively, the "CCEDA Projects"). He previously held posts as Deputy Commissioner of the Connecticut Department of Public Works; Design Engineer with the Connecticut Department of Transportation; Town Engineer and Deputy Director of Public Works for the Town of East Hartford; and Principal Engineer with several area and national consulting engineering firms. Mr. Sheehan has also served as a Commissioned Officer in a wide array of senior management positions with both the U.S. Air Force and U.S. Army, attaining the rank of Brigadier General. Mr. Sheehan graduated with high honors from Central Connecticut State University (B.S.) in 1976. Mr Sheehan has announced he will be stepping down as Chief Executive Officer on February 1, 2015.

R. Bartley Halloran (64) – District Counsel: In January 2007, the MDC appointed R. Bartley Halloran as District Counsel. Since 2010, Mr. Halloran has also been an owner and attorney at Halloran & Halloran, a Hartford law firm specializing in civil and criminal trial advocacy. Prior to 2010, Mr. Halloran was an owner and attorney at the Law

Office of R. Bartley Halloran, a Hartford law firm specializing in similar areas. Mr. Halloran served as Chairman of the Capital City Economic Development Authority from 1999-2004. Mr. Halloran received his Juris Doctor, with honors, from the University of Connecticut School of Law in 1975 and his Bachelor's degree, cum laude, from Georgetown University in 1972.

Scott W. Jellison (49) – Deputy CEO of Engineering & Operations: In September 2006, the MDC appointed Scott W. Jellison as the District's Chief Operating Officer. Prior to joining the MDC, Mr. Jellison served as Director of Project Management for the Department of Public Works, State of Connecticut. In addition, Mr. Jellison served as the Project Director for the CCEDA Projects. Mr. Jellison graduated from the University of Hartford with a Bachelor of Science degree in Mechanical Engineering in 1987.

John M. Zinzarella, CPA (49) – Deputy CEO of Business Services, **Treasurer and Chief Financial Officer**: In April 2007, the MDC appointed John M. Zinzarella as the District's Chief Financial Officer. Prior to joining the MDC, Mr. Zinzarella held the position of Chief Financial Officer for several private and public corporations. Mr. Zinzarella brought to the MDC more than twenty years of diverse financial management experience in the areas of public accounting, manufacturing and corporate finance. Building upon a "Big Eight" audit background, John has held positions of responsibility throughout the pharmaceutical, medical/surgical distribution and security industries in both the public and private sectors. John is a certified public accountant and earned a Master in Business Administration from Villanova University and a Bachelor of Science degree in Accounting from Virginia Polytechnic Institute and State University

District Employees

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

Fiscal Year	**2013**	**2012**	**2011**	**2010**	**2009**
Total Employees.........	521	563	655	665	643

District Employees Bargaining Units

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

Source: District Officials.

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

District Functions

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

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

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

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

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

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

SEWER AND WATER OPERATIONS

Water Pollution Control

FACILITIES FOR SEWER SERVICE
As of December 31

Facilities for Sewer Service	2013	2012	2011	2010	2009
Total General Fixed Assets[1]	$1,047,263,219	$890,623,899	$748,542,631	$630,175,664	$517,323,447
Miles of Sewers:					
Sanitary	1,081	1,075	1,076	1,076	1,075
Combined	160	160	160	160	160
Storm	76	72	72	72	72
Estimated Sewer Connections	114,911	114,866	114,352	114,299	113,711
Estimated Sewered					
Population Units:					
Estimated Populations	366,035	364,975	366,045	370,329	368,200
Estimated Family Units Sewered	149,218	148,710	149,146	150,891	150,024
Present Sewage Plant Capacity:					
Design Population	513,900	513,900	513,900	513,900	513,900
Design Flow (million gallons daily)	105	103	105	105	105
Average Daily Flow (million gallons)	66	70	60	64	73

[1] *Includes all physical facilities and capital projects.*
Source: District Officials.

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

Regulatory Compliance: The District entered into the Governmental Orders with the State Department of Environmental Protection, the U.S. Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction, and combined sewer overflow issues. On November 6, 2006, the voters of the District approved an $800,000,000 appropriation to implement components of the Governmental Orders. On November 6, 2012 the voters of the District approved a second $800,000,000 appropriation for the Clean Water Project.

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

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

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

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

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

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

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

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

Section 12 of the District's Sewer General Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of the Special Sewer Service Surcharge to fund the debt issued for the Clean Water Project. The Bonds are being paid by the District from this surcharge.

SPECIAL SEWER SERVICE CHARGE
January 1,
Per Hundred Cubic Feet (CCF)

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

Source: CAFR Report 2013 and Official Statement dated July 2014.

Recent Events: In October, 2011 the MDC's customer billing computer system experienced a malfunction which prevented the MDC from generating routine bills to its water service area customers for a period of approximately 90 days. The MDC, in response to this malfunction, restored and verified customer billing information, installed upgrades and revised its procedures to prevent a reoccurrence. Normal billing was restored in early January 2012, including deferred bills, and MDC collection rates have returned to historical levels.

Water Operations

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

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

FACILITIES FOR WATER SERVICE
As of December 31

	2013	2012	2011	2010	2009
Total Utility Plan	$410,724,351	$381,880,429	$361,492,308	$348,225,483	$310,114,400
Net Addition to Plant	28,843,924	20,388,121	13,266,825	38,111,083	22,645,836
Miles of Water Mains	1,543	1,541	1,540	1,542	1,539
Gross Miles Added During Year	2	1	(2)	3	3
Number of Hydrants	11,238	11,178	11,146	11,223	11,291
Number of Services	102,669	102,449	102,324	102,034	101,678
Number of Meters	103,340	103,125	102,895	102,807	100,378
Estimated Population Served	445,036	405,449	405,610	411,228	401,512

Source: District Officials.

NUMBER OF WATER CUSTOMERS
As of December 31

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

Source: District Officials.

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

	2013	2012	2011	2010	2009
Domestic	26.74	27.82	27.63	29.57	28.27
Commercial	8.70	9.40	9.31	9.33	8.67
Industrial	1.23	1.38	1.43	1.48	1.51
Municipal & Other	3.58	2.65	3.58	3.80	3.65
Total Million Gallons Per Day[1]	**40.25**	**41.25**	**41.95**	**44.18**	**42.10**
Maximum Day	71.84	74.68	87.06	88.65	70.87
Minimum Day	35.85	35.19	34.64	40.10	41.97

[1] *Represents net consumption billed.*
Source: District Officials.

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

2014	2013	2012	2011	2010	2009
$2.53	$2.50	$2.43	$2.35	$2.12	$2.07

Source: District Officials.

Projected Water Utility Unit Charges
(As of January 1)
(Per Hundred Cubic Feet)

2015	2016	2017
$2.53	$2.59	$2.66

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

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

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

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

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

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

CONSIDERATIONS FOR BONDHOLDERS

In making an investment decision with respect to the 2014 Series A Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of long-term, fixed-rate municipal debt obligations, consider the following factors.

The Bonds are special obligations of the District, and are not backed by the full faith and credit of the District or its taxing power. If the Pledged Revenues and other amounts in the Trust Estate are insufficient to pay principal and interest on the Bonds, bondholders will not have recourse to the other assets of the District or its taxing power, or the assets or taxing powers of the State or Member Municipalities.

Changes in Federal income tax treatment might limit the value of the Bonds. Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the 2014 Series A Bonds, gain from the sale or other disposition of the 2014 Series A Bonds, the market value of the 2014 Series A Bonds, the marketability of the 2014 Series A Bonds, or otherwise prevent the owners of the 2014 Series A Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made that would, among other things, limit the exclusion from gross income of interest on obligations such as the 2014 Series A Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the 2014 Series A Bonds or the market price for, or marketability of, the 2014 Series A Bonds. No assurance can be given that legislation enacted or proposed, administrative pronouncements or court decisions after the date of issuance of the 2014 Series A Bonds will not have an adverse effect on the tax-exempt status or market value of the 2014 Series A Bonds, or will not change the effect of other federal, state or local tax law consequences of owning and disposing of the 2014 Series A Bonds. Prospective purchasers of the 2014 Series A Bonds should consult their own tax and financial advisors regarding such matters.

The Bonds are backed by revenues from the District's Special Sewer Service Surcharge, which will be an increasing part of customer water bills. Customers may resist expected increases in the surcharge. The District's plan of finance projects increases in the Special Sewer Service Surcharge to reflect increases in debt service as the Clean Water Project proceeds and additional Bonds are issued. The plan of finance also contemplates increases in the Special Sewer Service Surcharge in advance of such increases, in order to build resources that can be used to limit increases in the surcharge in the peak years of debt service. Because the Special Sewer Service Surcharge is established annually, there may be pressure on the District to delay or limit these increases, which will hinder completion of the Clean Water Project and may result in decreased debt service coverage ratios.

The District's Clean Water Project is currently projected to cost approximately $2.1 billion, but electors have only approved $1.6 billion in expenditures. Current estimates of the cost of the Clean Water Project may increase or decrease as it is carried out, and the design specifications may change as it is carried out. However, currently completion of the Clean Water Project would require the District to seek additional expenditure authority through one or more additional referenda. While the first two referenda for the costs of the Clean Water Project were approved by electors by considerable margins, there is no assurance that this support will continue. A failure to authorize necessary expenditures for completion of the Clean Water Project could endanger the ability of the District to complete the Clean Water Project. Because the Clean Water Project consists of improvements to the District's existing system, the District does not believe that there is a significant risk that Pledged Revenues would be impaired if the Clean Water Project is not completed as currently envisioned, although certain portions of the Clean Water Project, such as the two large storage tunnels, need to be completed to achieve their intended purpose. A failure to complete the Project could endanger the ability of the District to comply with the terms of the Governmental Orders with the U.S. EPA and the Connecticut DEEP.

If the District fails to comply with the terms of the Governmental Orders, it could be subject to penalties or restrictions on its operations that would impair its financial performance. If the MDC were unable to comply with the terms of the Governmental Orders, regulators could take action to force the MDC to comply. This could include monetary penalties, injunctive proceedings, and amendments to the Governmental Orders. These amendments could impose a requirement to proceed more swiftly in the MDC's efforts, and this may increase the cost of compliance. In addition, regulators could impose additional and more burdensome conditions in the MDC's permits, or seek to prevent new connections until compliance was achieved. These steps could increase the MDC's rates, adversely affect economic development, and otherwise materially adversely affect the MDC and its customers.

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

Current coverage ratios are not expected to continue. Because this offering is the second offering of Bonds under the Special Obligation Indenture, and additional Bonds are expected to be issued to finance the Clean Water Project, historical and projected coverage ratios contained in this Official Statement are a reflection of the commencement of this financing program, rather than a reflection of future coverage ratios. As additional Bonds are issued and the Clean Water Project continues, it is expected that debt service coverage ratios will fall.

The Rate Stabilization Fund is intended to operate such that in certain years revenues from the Special Sewer Service Surcharge will be less than projected debt service or debt service coverage requirements in those years. Up to 35% of debt service on Bonds in any year can be withdrawn by the District from the Rate Stabilization Fund and deposited in the Revenue Fund to count towards Revenues Available for Debt Service for purposes of the debt service coverage ratio. This could allow the District to have Pledged Revenues from the Special Sewer Service Surcharge that are less than 1.2 times debt service in any year. In fact, the financing plan intends for this to occur so that the Special Sewer Service Surcharge can be levelized to a degree.

The District could seek protection from its creditors under the Federal Bankruptcy Act. Under current law, the District is prohibited from filing for bankruptcy without the consent of the Governor of the State of Connecticut. The operations of the District as a whole, or the inability of the Special Sewer Service Surcharge to service principal and interest on the Bonds, could force it to seek such protection, as have other municipal bodies in other states.

The Special Sewer Service Surcharge is collected from a large number of customers and is dependent on efficient billing and collection practices. Unlike taxes that are levied by the District on its Member Municipalities (and not the residents of those municipalities), the Special Sewer Service Surcharge is a charge on the water bills of individual residential and commercial users, which requires such bills to be issued and collected, and if necessary collected through foreclosure of service charge liens and other collection actions. Public health and public policy considerations could prevent the MDC from pursuing its rights in every instance, such as turning off water service or foreclosing its liens on certain customers, such as hospitals.

The Special Sewer Service Surcharge is based on water usage, and declines in water usage could adversely affect revenues from the surcharge. The Special Sewer Service Surcharge is not limited in rate, and declines in water usage could be offset by larger than anticipated rate increases. Similarly, increases in water usage could be offset by smaller than anticipated rate increases. Declines in water usage through decreased consumer demand, decreased population, decreased economic activity, alternative sourcing and other factors could result in increases in the surcharge that further decrease water usage and may be unsustainable.

LITIGATION

There is no litigation of any nature pending or to the best of its knowledge threatened against the MDC restraining or enjoining the issue, sale, execution or delivery of the 2014 Series A Bonds, or in any way contesting or affecting the validity of the 2014 Series A Bonds or any proceedings of the MDC taken with respect to the issuance or sale thereof, the application of the proceeds of the 2014 Series A Bonds or the existence or powers of the MDC.

CONTINUING DISCLOSURE AGREEMENT

The Authorizing Acts give the MDC the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (the "Rule"). The MDC as issuer of the 2014 Series A Bonds under the Rule will enter into an agreement with respect to the 2014 Series A Bonds (the "Continuing Disclosure Agreement", substantially in the form attached as Appendix E hereto), which agreement shall constitute the MDC's written undertaking for the benefit of the beneficial owners of the 2014 Series A Bonds and which shall apply to all Bonds of the MDC under the Special Obligation Indenture. Under the Continuing Disclosure Agreement, the MDC agrees to provide or cause to be provided, in accordance with the requirements of the Rule, (1) certain annual financial information and operating data, and (2) timely notice of a failure to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The MDC also undertakes to give timely notice of the occurrence of certain material events with respect to the 2014 Series A Bonds.

The intent of such undertaking is to provide on a continuing basis the information described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of such information to be provided under such undertaking, the obligation pursuant to the Rule to provide such information also shall cease immediately.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the MDC to comply with its written undertaking. Furthermore, the Continuing Disclosure Agreement shall provide that any failure by the MDC to comply with any provisions of such undertaking shall not constitute an Event of Default with respect to the 2014 Series A Bonds under the Special Obligation Indenture.

In the last five years, to the best of its knowledge, the MDC has not failed to comply in any material respect with its obligations under its continuing disclosure agreements.

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

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

In addition, in the recent course of its internal compliance activities, the District determined that certain of its annual financial filings, which were timely filed, were not properly associated with CUSIP numbers of certain State of Connecticut Clean Water Fund bond issues for which the District may have been an obligated person. The

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

In making the foregoing disclosures, the MDC does not thereby admit that these matters are material.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2014 Series A Bonds are subject to the approval of Hinckley, Allen & Snyder LLP, Hartford, Connecticut, and Finn Dixon & Herling LLP, Stamford, Connecticut, Co-Bond Counsel to the MDC. Co-Bond Counsel propose to deliver their approving opinions with respect to the 2014 Series A Bonds substantially in the form set forth in Appendix A hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, New York, New York.

TAX EXEMPTION

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to delivery of the 2014 Series A Bonds in order that interest on the 2014 Series A Bonds be, and continue to be, excludable from gross income of the owners thereof for Federal income tax purposes under Section 103 of the Code. The Tax Regulatory Certificate of the MDC which will be delivered concurrently with the delivery of the 2014 Series A Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Tax Regulatory Certificate, the MDC agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest on the 2014 Series A Bonds shall be excludable from the gross income of the owners thereof for Federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the 2014 Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2014 Series A Bonds.

In the opinion of Co-Bond Counsel, under existing statutes and court decisions and assuming and conditioned on continuing compliance by the MDC with its representations and covenants contained in the Tax Regulatory Certificate, interest on the 2014 Series A Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code and, under existing statutes, such interest will not be treated as a tax preference item in calculating the Federal alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2014 Series A Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. For other Federal tax information, see "Original Issue Premium" and "Certain Additional Federal Tax Consequences" herein. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Series A Bonds.

State Taxes

In the opinion of Co-Bond Counsel, under existing statutes, interest on the 2014 Series A Bonds is excluded from State taxable income for purposes of the State income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Interest on the 2014 Series A Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of OIP Bonds (as defined herein) should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of OIP Bonds.

Owners of the 2014 Series A Bonds should consult their tax advisors with respect to the applicable state and local tax consequences of ownership of the 2014 Series A Bonds and the disposition of the 2014 Series A Bonds.

Original Issue Premium

The initial public offering prices of the 2014 Series A Bonds of certain maturities (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a 2014 Series A Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Certain Additional Federal Tax Consequences

The following is a brief discussion of certain Federal income tax matters with respect to the 2014 Series A Bonds under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of a 2014 Series A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2014 Series A Bonds. Co-Bond Counsel has not opined on any tax consequence not specifically stated herein.

In addition to the matters addressed above, prospective purchasers of the 2014 Series A Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, financial institutions, certain insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2014 Series A Bonds should consult their tax advisors as to the applicability and impacts of such consequences.

Legislation affecting municipal bonds generally is regularly under consideration by the United States Congress. For example, the President of the United States has submitted proposals to Congress that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. Such proposals, or other proposals, could affect the tax exemption of interest on, or the market price or marketability of tax-exempt bonds, such as the 2014 Series A Bonds. There can be no assurance that legislation enacted or proposed after the date of issuance of the 2014 Series A Bonds will not have an adverse effect on the tax-exempt status or market price of the 2014 Series A Bonds.

RATINGS

The 2014 Series A Bonds have been rated “Aa2” by Moody’s Investors Service (“Moody’s”) and “AA” by Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”). The ratings assigned by Moody’s and Standard & Poor’s express only the view of such rating agencies. The explanation and significance of the ratings can be obtained from Moody’s and Standard & Poor’s, respectively. Such ratings are not intended as a recommendation to buy or own the 2014 Series A Bonds. There is no assurance that any ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of any of such ratings on the 2014 Series A Bonds may have an adverse effect on the market price thereof.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions precedent, to purchase all of the 2014 Series A Bonds from the MDC at an aggregate purchase price of $162,596,673.54 (representing the aggregate principal amount of the 2014 Series A Bonds plus a net original issue premium of $22,778,145.45 and less Underwriters' discount of $181,471.91). The 2014 Series A Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2014 Series A Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to the Dealer Agreement, if applicable to this transaction, CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Siebert Brandford Shank & Co., L.L.C., one of the Underwriters of the Bonds, has entered into a separate agreement with Credit Suisse Securities USA LLC for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Siebert Brandford Shank & Co., L.L.C. will share a portion of its underwriting compensation with respect to the Bonds, with Credit Suisse Securities USA LLC.

FINANCIAL ADVISORS

The MDC has retained FirstSouthwest and Lamont Financial Services Corporation (the “Financial Advisors”) to serve as its financial advisors in connection with the issuance of the 2014 Series A Bonds. The Financial Advisors have not independently verified any of the information contained in this Official Statement and make no guarantee as to its completeness or accuracy. The Financial Advisors' fees for services rendered with respect to the sale of the 2014 Series A Bonds is contingent upon the issuance and delivery of the 2014 Series A Bonds, and receipt by the MDC of payment therefor. The MDC may engage the Financial Advisors to perform other services, including without limitation, providing certain investment services with regard to the investment of proceeds of the 2014 Series A Bonds.

FINANCIAL STATEMENTS OF THE MDC

The audited financial statements of the MDC contained in Appendix B have been included herein in reliance upon the report of Blum, Shapiro & Co., P.C., the MDC's Independent Auditors.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the MDC and its various operations are prepared by officers of the MDC and provided to the Board of Directors at its regular monthly meetings. The MDC will make available copies of its official statements relating to the issuance of its securities under the Special Obligation Indenture from time to time upon request through the Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer of the MDC.

Additional information concerning the MDC may be obtained upon request of the John M. Zinzarella, Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, 555 Main St. First Floor, Hartford, Connecticut 06103, (860) 278-7850 Ext. 3345.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the MDC and the purchasers or holders of any of the 2014 Series A Bonds.

This Official Statement is submitted only in connection with the issuance and sale of the 2014 Series A Bonds by the MDC and may not be reproduced or used in whole or in part for any other purpose.

Dated: October 28, 2014

METROPOLITAN DISTRICT COMMISSION

By: /s/ John M. Zinzarella
John M. Zinzarella
Deputy Chief Executive Officer of Business Services / Chief Financial Officer / Treasurer

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FINN DIXON & HERLING

ATTORNEYS AT LAW

November 14, 2014

The Metropolitan District,
Hartford County, Connecticut
555 Main Street
Hartford, Connecticut 06103

Re: The Metropolitan District, Hartford County, Connecticut
$140,000,000 Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds)
Dated November 14, 2014

Ladies and Gentlemen:

In connection with our representation of the Metropolitan District, Hartford County, Connecticut (the "MDC") as bond counsel we have examined certified copies of the proceedings of the MDC and other proofs submitted to us relating to the issuance of $140,000,000 aggregate principal amount of The Metropolitan District, Hartford County, Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds) (the "2014 Series A Bonds").

The 2014 Series A Bonds are authorized pursuant to Special Act 511 of the 1929 Session of the Connecticut General Assembly, as amended (the "Charter"), and Chapter 103 of the Connecticut General Statutes, as amended (the "Municipal Act" and, together with the Charter, the "Authorizing Acts"), the Special Obligation Indenture of Trust, dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by the Second Supplemental Indenture, dated as of November 1, 2014 (the "Second Supplemental Indenture", and together with the Special Obligation Indenture, the "Indenture"), each by and between the MDC and U.S. Bank National Association, as trustee (the "Trustee"). All terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

The 2014 Series A Bonds are dated, will mature on the dates, will bear interest at the rates, and are subject to redemption prior to maturity, all as set forth in the Indenture.

The 2014 Series A Bonds are limited recourse special obligations of the MDC and do not constitute a general obligation of the MDC nor are they guaranteed by the MDC.

We note that the MDC is authorized to issue additional bonds, in addition to the 2014 Series A Bonds ("Additional Bonds"), upon the terms and conditions set forth in the Authorizing Acts and the Special Obligation Indenture, and such Additional Bonds would, if and when issued and except as might be provided by a supplemental indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Special Obligation Indenture with the 2014 Series A Bonds, with bonds heretofore issued under the Special Obligation Indenture and with all other such Additional Bonds hereafter issued. The Special Obligation Indenture contains provisions which permit it to be amended or supplemented in accordance with its terms, which amendments or supplements may be applicable to the 2014 Series A Bonds.

The rights of owners of the 2014 Series A Bonds and the enforceability of the 2014 Series A Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the 2014 Series A Bonds in order that interest on the 2014 Series A Bonds be and remain excludable from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the MDC comply with all such requirements. The MDC has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the 2014 Series A Bonds shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the 2014 Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2014 Series A Bonds.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion herein relating thereto.

Subject to the foregoing, we are of the opinion that:

1. The MDC exists as a body politic and corporate, performing an essential public function with good right and lawful authority to carry out its obligations with respect to the Project, and to provide funds therefor by the execution of the Indenture and the issuance and sale of the 2014 Series A Bonds, and to perform its obligations under the Indenture, including collecting and enforcing the collection of Pledged Revenues as covenanted in the Indenture.

2. The Indenture has been duly executed by the MDC and is valid and binding upon the MDC and enforceable in accordance with its terms.

3. The 2014 Series A Bonds are valid and legally binding special obligations of the MDC payable solely from revenues, funds and assets pledged therefor under the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

4. The Indenture creates a valid pledge of and a valid lien upon the Trust Estate, including the monies and securities held or set aside or to be set aside and held in the Debt Service Fund, established thereunder, which the Indenture purports to create, subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

5. Under existing statutes and court decisions, interest on the 2014 Series A Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and, under existing statutes, such interest is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

6. Under existing statutes, interest on the 2014 Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the alternative minimum tax imposed under the Code with respect to individuals, trusts and estates.

Except as stated in paragraphs 5 and 6, we express no opinion regarding any Federal or state tax consequences with respect to the 2014 Series A Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2014 Series A Bonds or under state and local tax law.

Very truly yours,

HINCKLEY ALLEN

20 Church Street
Hartford, CT 06103-1221
p: 860-725-6200 f: 860-278-3802
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November 14, 2014

The Metropolitan District, Hartford County, Connecticut
555 Main Street
Hartford, Connecticut 06103

Re: **The Metropolitan District, Hartford County, Connecticut $140,000,000 Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds) Dated November 14, 2014**

Ladies and Gentlemen:

In connection with our representation of the Metropolitan District, Hartford County, Connecticut (the "MDC") as bond counsel we have examined certified copies of the proceedings of the MDC and other proofs submitted to us relating to the issuance of $140,000,000 aggregate principal amount of The Metropolitan District, Hartford County, Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds) (the "2014 Series A Bonds").

The 2014 Series A Bonds are authorized pursuant to Special Act 511 of the 1929 Session of the Connecticut General Assembly, as amended (the "Charter") and Chapter 103 of the Connecticut General Statutes, as amended (the "Municipal Act" and, together with the Charter, the "Authorizing Acts"), the Special Obligation Indenture of Trust, dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by the Second Supplemental Indenture, dated as of November 1, 2014 (the "Second Supplemental Indenture", and together with the Special Obligation Indenture, the "Indenture"), each by and between the MDC and U.S. Bank National Association, as trustee (the "Trustee"). All terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

The 2014 Series A Bonds are dated, will mature on the dates, will bear interest at the rates, and are subject to redemption prior to maturity, all as set forth in the Indenture.

The 2014 Series A Bonds are limited recourse special obligations of the MDC and do not constitute a general obligation of the MDC nor are they guaranteed by the MDC.

We note that the MDC is authorized to issue additional Bonds, in addition to the 2014 Series A Bonds ("Additional Bonds"), upon the terms and conditions set forth in the Authorizing Acts and the Special Obligation Indenture, and such Additional Bonds would, if and when issued and except as might be provided by a supplemental indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Special Obligation

Indenture with the 2014 Series A Bonds, with bonds heretofore issued under the Special Obligation Indenture and with all other such Additional Bonds hereafter issued. The Special Obligation Indenture contains provisions which permit it to be amended or supplemented in accordance with its terms, which amendments or supplements may be applicable to the 2014 Series A Bonds.

The rights of owners of the 2014 Series A Bonds and the enforceability of the 2014 Series A Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the 2014 Series A Bonds in order that interest on the 2014 Series A Bonds be and remain excludable from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the MDC comply with all such requirements. The MDC has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the 2014 Series A Bonds shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the 2014 Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2014 Series A Bonds.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion herein relating thereto.

Subject to the foregoing, we are of the opinion that:

1. The MDC exists as a body politic and corporate, performing an essential public function with good right and lawful authority to carry out its obligations with respect to the Project, and to provide funds therefor by the execution of the Indenture and the issuance and sale of the 2014 Series A Bonds, and to perform its obligations under the Indenture, including collecting and enforcing the collection of Pledged Revenues as covenanted in the Indenture.

2. The Indenture has been duly executed by the MDC and is valid and binding upon the MDC and enforceable in accordance with its terms.

3. The 2014 Series A Bonds are valid and legally binding special obligations of the MDC payable solely from revenues, funds and assets pledged therefor under the Indenture and

are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

4. The Indenture creates a valid pledge of and a valid lien upon the Trust Estate, including the monies and securities held or set aside or to be set aside and held in the Debt Service Fund, established thereunder, which the Indenture purports to create, subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

5. Under existing statutes and court decisions, interest on the 2014 Series A Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and, under existing statutes, such interest is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

6. Under existing statutes, interest on the 2014 Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the alternative minimum tax imposed under the Code with respect to individuals, trusts and estates.

Except as stated in paragraphs 5 and 6, we express no opinion regarding any Federal or state tax consequences with respect to the 2014 Series A Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2014 Series A Bonds or under state and local tax law.

Very truly yours,

Hinckley, Allen & Snyder LLP

29 South Main Street
P.O. Box 272000
West Hartford, CT 06127-2000
Tel 860.561.4000
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BlumShapiro
Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Metropolitan District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 25, 2014 on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 25, 2014

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

Financial Highlights

- On a government-wide basis, the assets of the District exceeded its liabilities at the close of the current year by $490,831,563 and $283,064,603 for the Governmental Activities and the Business-Type Activities, respectively.

- As of the close of the current year, the District's governmental funds reported combined ending fund balances of $(61,967,403), an increase of $58,858,163 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.

- On a government-wide basis, the District's total net position increased by $52,135,330 and $10,093,568 for the Governmental Activities and Business-Type Activities, respectively.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

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

Other Information

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

Government-Wide Financial Analysis

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

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

Metropolitan District Commission
NET POSITION
December 31, 2013 and 2012

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

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

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

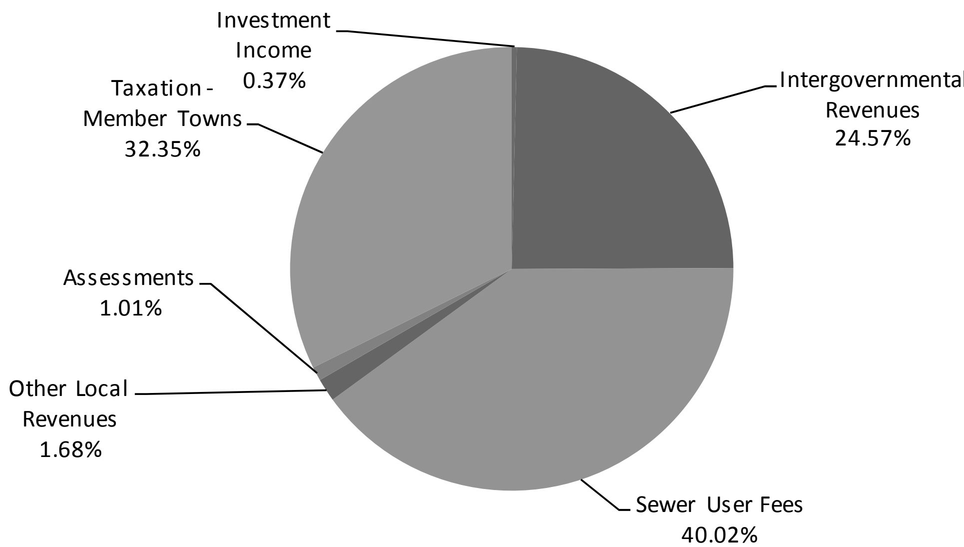
	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 47,300,004	$ 79,971,496	$ 127,271,500	$ 41,434,212	$ 74,412,896	$ 115,847,108
Capital grants and contributions	26,506,324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

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

Governmental Activities

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

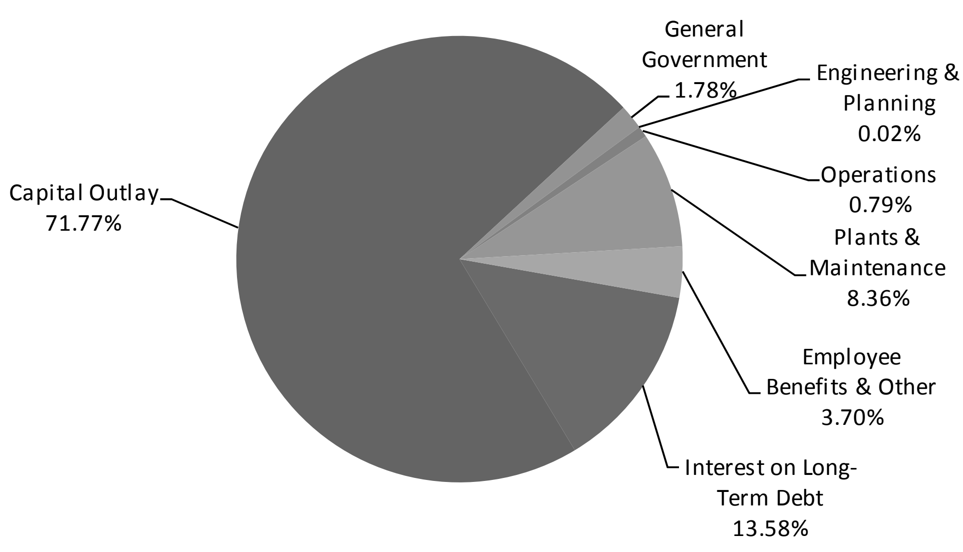
Major Revenue Factors Include:



- Approximately 32% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes remained constant with the prior year.

- The primary components of charges for services consist of sewer user fees of $43,062,080 and intergovernmental revenues of $26,439,377, which decreased in total by $17,962,970 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue increase is due to increased project activity receiving clean water grants to fund the Clean Water Projects.

Major Expenditure Factors Include:

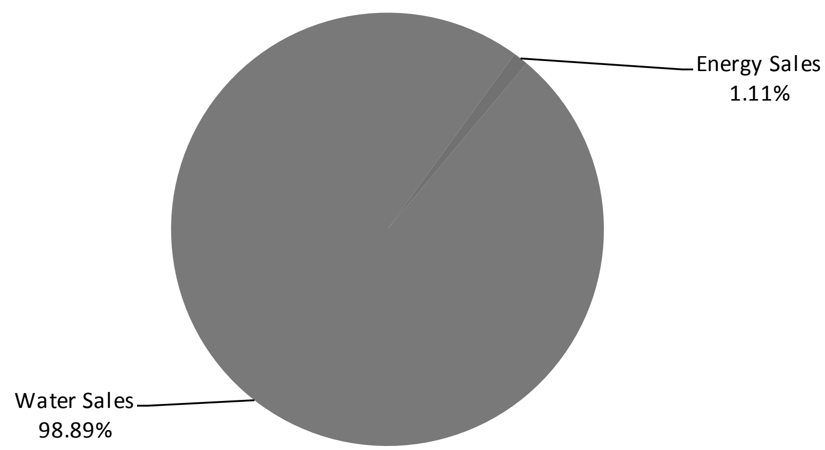


➢ During 2013, expenditures increased by $13,674,130 with the greatest increase occurring in capital outlay related to capital project expenses and principal retirement and interest payments related to debt service.

Business-Type Activities

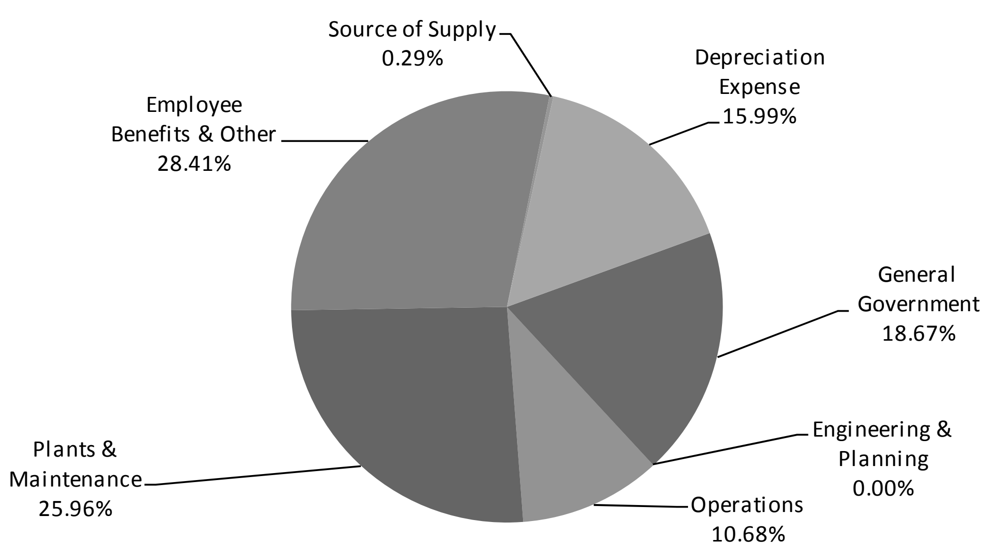
Net position of business-type activities increased by $10,093,568 in 2013.

Major Revenue Factors Include:



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

Major Expense Factors Include:



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

Financial Analysis of the Government's Funds

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

Governmental Funds

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

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

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

General Fund Budgetary Highlights

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

Some of the major highlights are as follows:

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

Capital Assets and Debt Administration

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

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

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

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

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

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

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2013 and 2012

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

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

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

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

Economic Factors

- The District strives to minimize the tax impact to its member municipalities by limiting increases in General Fund expenditures.

- Inflationary trends in the region are consistent with budgeted General Fund expenditure increases.

- Water consumption continues to decline due to weather patterns and poor economic conditions in the greater Hartford area.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2013

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

Fund balances - total governmental funds (page 16)		$ (61,967,403)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 1,325,340,588	
Less accumulated depreciation	(278,077,369)	
Net capital assets		1,047,263,219
Governmental pension assets		5,619,245
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Sewer assessment receivables		2,713,826
Deferred charge on refunding		1,123,973
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(269,094,456)
Premiums		(14,047,043)
Notes payable		(197,977,858)
Interest payable on long-term debt		(4,324,077)
Compensated absences		(2,834,700)
OPEB obligation		(15,643,163)
Net Position of Governmental Activities (page 14)		$ 490,831,563

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	(1,258,143)
Change in Net Position of Business-Type Activities	$ 10,093,568

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

Capital Projects Funds:

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

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

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

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

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

Assets	**Years**
Buildings	50-75
Machinery and equipment	6-20
Infrastructure	50-150

I. Deferred Outflows/Inflows of Resources

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

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

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

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

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

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Deficit Fund Equity

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

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

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

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

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

Deposits

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

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

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

Cash Equivalents

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

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

Investments

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

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

The above investments have no rating or maturity.

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

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

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

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

B. Receivables

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

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

C. Interfund Receivables, Payables and Transfers

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

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

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

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

D. Capital Assets

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

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

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

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

Construction Commitments

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

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

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

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

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

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

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

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

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

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

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

E. Bond Anticipation Note

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

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

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

Outstanding - December 31, 2012	$	246,690,000
New borrowings		254,721,000
Repayments		(246,690,000)
Outstanding - December 31, 2013	$	254,721,000

Subsequent Events

The District issued general obligation bond anticipation notes as follows:

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

F. Operating Leases

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

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

G. Long-Term Debt

Changes in Long-Term Liabilities

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

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

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

General Obligation Bonds

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

Purpose	Interest Rates	Amount
Governmental activities	Various	$ 184,094,456
Business-type activities	Various	86,610,528
		$ 270,704,984

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

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

Authorized But Unissued Bonds

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

Revenues Bonds

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

Purpose	Interest Rates	Amount
Governmental activities	Various	$ 85,000,000

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

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

Clean Water Fund Loans

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

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

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

Permanent loan obligations mature as follows:

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

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

Interim loan obligations mature as follows:

	Governmental Activities	
	Principal	Interest
2014	$ 40,908,958	$ 556,043
2015	11,737,360	44,494
	$ 52,646,318	$ 600,537

	Business-Type Activities	
	Principal	Interest
2014	$ 4,299,860	$ 210,767
2015	10,210,978	36,725
	$ 14,510,838	$ 247,492

H. Fund Balance

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

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

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

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

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

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

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Policy

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

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

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

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

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

Mid-Connecticut Project	$ 20,428,295
District	(12,487,212)
Total Net Pension Obligation	$ 7,941,083

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

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

E. Three-Year Trend Information

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

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

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

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

5. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Plan Description

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

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

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

	Retiree Health Plan
Retired members	396
Spouses of retired members	427
Active plan members	544
Total Participants	1,367

Funding Policy

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

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

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

Annual OPEB Cost and Net OPEB Obligations

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

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

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

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

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

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

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

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

In the January 1, 2012 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 7.1% initially, reduced by decrements to an ultimate rate of 4.7% for pre-65 and 4.8% for 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, 2013 was 26 years.

6. OTHER INFORMATION

A. Clean Water Project

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

1. Under the consent decree, the District is required to eliminate Sanitary Sewer Overflows (SSOs) caused by either insufficient hydraulic capacity and/or excessive inflow and infiltration of clean water into the sewer system in Rocky Hill, Wethersfield and Windsor by 2015 (or five years after the approval of the Sewer System Evaluation Survey) and West Hartford and Newington by 2020 (or ten years after the approval of the Sewer System Evaluation Survey).

2. Under the consent order, the District is required to develop and implement a Long-Term Control Plan for the abatement of Combined Sewer Overflows (CSOs). This control plan includes the reduction of CSOs from the Hartford sewage system, elimination of all overflows to the Wethersfield Cove, and the North Branch of the Park River, expansion of the Hartford water pollution control facility, and the construction of a storage tunnels and consolidation conduits to convey combined sewage to the Hartford Plant for treatment The consent order stipulates interim milestones and requires full compliance by 2023.

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

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

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

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

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

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

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

B. Risk Management

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

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

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

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

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

C. Contingent Liabilities

Environmental Matters

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

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

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

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

Arbitrage

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

Mid-Connecticut Project

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

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

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

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

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

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

Other

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

Budgetary expenditures are different than GAAP expenditures because:	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	235,169
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders	(209,430)
Compensated absences expenditures not included in budgetary basis	51,803
Allowance for doubtful accounts not included in budgetary basis	(478,269)
Reimbursement for CWF expenditures are included in budgetary basis but not for GAAP	6,226,500
CWF expenditures are recorded for budgetary basis, but are not for GAAP	(6,226,500)
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ (1,168,491)

THE METROPOLITAN DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUND

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

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

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

n/a - The covered payroll is not available.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE

This section is a brief summary of the Special Obligation Indenture. The summary does not purport to be complete. Reference is made to the Special Obligation Indenture for a full and complete statement of the provisions thereof.

Authority for the Special Obligation Indenture. [Section 2.1]. The Special Obligation Indenture is made and entered into by virtue of and pursuant to the provisions of the Authorizing Acts.

Authorization for Issuance of Bonds and Obligations of the MDC. [Section 2.2]. In order to provide a portion of the funds for the Mandate and the Project, Special Obligation Bonds of the MDC are authorized to be issued without limitation as to amount except as therein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in the Special Obligation Indenture.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the MDC under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Term-Out Payments or other similar obligations of or payments by the MDC issued or incurred under and pursuant to the Special Obligation Indenture, shall be special obligations of the MDC, the Principal and Redemption Price (if any) of, interest on, and other amounts due in respect of which, shall be payable solely from the Trust Estate, and shall not be payable from nor charged upon any funds other than the Trust Estate pledged therefor as provided under the Special Obligation Indenture pursuant to the Act. The Bonds shall be entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by the Special Obligation Indenture and, with respect to any Additional Bonds, the Supplemental Indenture authorizing the issuance thereof, to secure the full and final payment of the Principal, or Redemption Price, if applicable, thereof and the interest thereon.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the MDC under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Term-Out Payments or other similar obligations of or payments by the MDC issued or incurred under and pursuant to the Special Obligation Indenture shall not constitute a general obligation of the MDC or a pledge of the faith and credit of the State, the MDC or of any other political subdivision of the State but shall be payable solely from the resources of the MDC described in the Special Obligation Indenture as the Trust Estate; the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the MDC under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Term-Out Payments or other similar obligations of or payments by the MDC issued or incurred under and pursuant to the Special Obligation Indenture constitute a special obligation of the MDC payable solely from, and are secured solely by a pledge of, the Trust Estate, including Pledged Revenues.

All Bonds shall contain on the face thereof a statement to the effect that:

> NEITHER THE STATE OF CONNECTICUT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE MDC, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE MDC IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE MDC, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

Pledge Effected by Indenture. [Section 6.1]. The Trust Estate is pledged to secure the payment of the Principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of the Special Obligation Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions therein set forth.

Establishment Funds and Accounts Therein. [Section 6.2]. The MDC establishes and creates the following funds and accounts to be held by the Trustee: the Bond Proceeds Fund (consisting of the Costs of Issuance Series Accounts and the Series Accounts); the Revenue Fund; the Debt Service Fund (consisting of the Interest Account and the Principal Installment Account); the Redemption Fund; the Rebate Fund; and the Rate Stabilization Fund. The MDC has reserved the right to establish additional funds, accounts and subaccounts.

Costs of Issuance Account. [Section 6.3]. A separate sub-account within the Costs of Issuance Account designated "Special Obligation Bonds Costs of Issuance Sub-account" may be established for the Bonds of each Series Outstanding. There shall be deposited in the applicable sub-account of the Costs of Issuance Account from time to time the amount of moneys necessary to pay the Costs of Issuance of each Series of Bonds. Such proceeds and moneys shall be used to pay only the Costs of Issuance of the Series of Bonds for which such proceeds and moneys were deposited. Upon payment of all Costs of Issuance of a Series of Bonds for which a separate sub-account has been established in the Costs of Issuance Account, an Authorized Officer of the MDC shall direct the Trustee to transfer any moneys remaining in said sub-account to the same Series Sub-account of the Bond Proceeds Fund or to other Costs of Issuance accounts or to the MDC on account of payment of Costs of Issuance.

Bond Proceeds Accounts. [Section 6.4]. Within the Bond Proceeds Fund a separate sub-account designated the "Special Obligation Indenture Special Obligation Bond Proceeds Sub-account" may be established for the Bonds of each Series Outstanding. There shall be deposited into the applicable Series Sub-account of the Bond Proceeds Fund only the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Supplemental Indenture authorizing such Series of Bonds. Moneys in the Bond Proceeds Fund shall be expended only for the costs of the Mandate and the Project, and for Costs of Issuance subject to the provisions and restrictions of Section 6.3 and Section 6.4 of the Special Obligation Indenture.

The MDC is authorized and directed to order each disbursement from the Bond Proceeds Fund upon a certification filed with Trustee, signed by an Authorized Officer of the MDC, but not more frequently than monthly. Such certification shall be in substantially the form set forth in Exhibit A, and shall (i) state the requisition number, (ii) specify the nature of each item or category of cost and certify the same to be correct and proper under the Special Obligation Indenture and that such item or category of cost has been properly paid or incurred as a cost of the Mandate and the Project and, pursuant to the Special Obligation Indenture, is consistent with the covenant of the MDC respecting tax exempt obligations in any tax regulatory agreement with respect thereto, (iii) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Bond Proceeds sub-account, (iv) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, (v) specify the name and address of the person to whom payment shall be made by the Trustee, which may be to the MDC itself for purposes of making such payment or reimbursing itself for any payments theretofore made, and (vi) include any other requirements set forth in the Supplemental Indenture authorizing the applicable Series of Bonds.

Flow of Pledged Revenues; Revenue Fund. [Section 6.5]. The MDC shall cause all moneys received as Swap Receipts to be deposited promptly in the Interest Account and unless otherwise specified in any Supplemental Indenture, received as Termination Receipts to be deposited promptly in the Redemption Fund if any Bonds shall be outstanding. If no Bonds shall at the time be outstanding, any Termination Receipts shall be paid to the MDC.

The Trustee shall deposit in the Revenue Fund all Pledged Revenues received from the MDC.

Beginning with the first month after the commencement of the operation of the Project, on the fifth day of each month (or, if not a Business Day, on the next succeeding Business Day) the Trustee shall withdraw from the Revenue Fund the amounts on deposit in the Revenue Fund, in each case in the amounts set forth in a certificate (the "Monthly Allocation Certificate") delivered by an Authorized Officer of the MDC to the Trustee, to deposit or credit the following accounts and funds:

FIRST, unless otherwise provided in any Supplemental Indenture with respect to Bonds,

-- Into the Interest Account, the amount accrued for the prior month as interest on the Bonds or Swaps for each Series of Bonds or Swap Payments on Swaps accrued for the prior month less any Swap Receipts accrued for the prior month, provided that the deposit immediately preceding any Interest

Payment Date shall be the balance necessary to make such payment, as well as all amounts accrued for the prior month as Term-Out Payments in respect of a Swap.

-- Into the Principal Installment Account, the amount accrued for the prior month as principal due on each Series of Bonds, whether at maturity or pursuant to mandatory sinking fund redemption on the next scheduled Principal Installment Date, provided that the deposit immediately preceding any Principal Installment Date shall be the balance necessary to make such payment.

SECOND – the amount identified in the Monthly Allocation Certificate, pro rata, to each debt service reserve fund created pursuant to the terms of any Supplemental Indenture for the benefit of any Series of Bonds to cause any debt service reserve fund requirement established under such Supplemental Indenture to be satisfied.

THIRD – to any other trustee or paying agent for indebtedness of the MDC, at the address set forth in the Monthly Allocation Certificate the amount identified therein.

FOURTH – into the Redemption Fund, the amount, if any, set forth in the Monthly Allocation Certificate.

FIFTH -- into the Rate Stabilization Fund, the balance in the Revenue Fund, if any.

PROVIDED THAT, the fact that the MDC shall not have received sufficient Pledged Revenues with which to make the deposits or credits each month as prescribed above to meet any of the requirements thereof shall not, by the fact itself, be construed as an "Event of Default" under the Special Obligation Indenture. The Trustee shall be entitled to rely upon the information set forth in the Monthly Allocation Certificate, without any duty to confirm such information.

For the purpose of calculating the interest accruing for any month with respect to any Series of Bonds bearing interest at a fixed rate, interest shall be treated as accruing from and including the month in which the next preceding Interest Payment Date on such Bonds occurs to and excluding the month in which the next Interest Payment Date on such Bonds occurs, ratably over the number of months from one Interest Payment Date to the next Interest Payment Date. For the purpose of calculating the interest accruing for any month with respect to any Series of Variable Interest Rate Bonds, interest due on the next Interest Payment Date shall be treated as accruing from and including the month in which the next preceding Interest Payment Date on such Bonds occurs, to and excluding the month in which the next Interest Payment Date on such Bonds occurs, ratably over the number of months from the next preceding Interest Payment Date to the next Interest Payment Date at the Variable Interest Rate Calculation Rate, except that such accrual shall be adjusted for any amounts by which the Variable Interest Rate Calculation Rate differs from the actual net interest rate on such Variable Interest Rate Bonds, after taking into account all Swaps designated by the MDC with respect to such Variable Interest Rate Bonds. For purposes of calculating the amount of any Term-Out Payment in respect of a Swap, such amount shall be treated as accruing from and including each month in which the prior Term-Out Payment was made to and excluding the month in which the next Term-Out Payment is required to be made, ratably over the number of months from the date of the prior Term-Out Payment to the date of the next Term-Out Payment. For the purpose of calculating the principal accruing for any month with respect to any Series of Bonds, principal due on the next Principal Installment Date shall be treated as accruing from and including each month in which the next preceding Principal Installment Date on such Bonds occurs, to and excluding the month in which the next Principal Installment Date occurs, ratably over the number of months from the next preceding Principal Installment Date to the next Principal Installment Date. Deposits made by the Trustee into the Interest Account and Principal Installment Account may be made into sub-accounts as directed by the MDC with respect to each series of Bonds and each Swap in accordance with such accruals, or if the deposits are not made in full, then ratably according to such accruals.

Debt Service Fund. [Section 6.6]. The Trustee shall pay out of the Interest Account of the Debt Service Fund and out of the Principal Installment Account of the Debt Service Fund to the respective Paying Agents the amounts required for the payment when due of Interest and Principal on Outstanding Bonds and such amounts shall be applied by the Paying Agents to such payments. The Trustee shall also pay out of the Interest Account Swap Payments and Term-Out Payments on any Swap based on invoices submitted by the Swap Provider.

Redemption Fund. [Section 6.7]. Amounts in the Redemption Fund may be applied as directed by the MDC in a certificate of an Authorized Officer of the MDC filed with the Trustee to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts) or to the redemption of Bonds. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by an Authorized Officer of the MDC, or, failing such direction by June 30 of each year, toward such sinking Fund Installment in inverse order of their due dates.

Rate Stabilization Fund. [Section 6.9]. There shall be deposited in the Rate Stabilization Fund amounts required to be deposited therein in accordance with Section 6.5 of the Special Obligation Indenture. Upon receipt of instructions from an Authorized Officer, the Trustee shall transfer from amounts on deposit in the Rate Stabilization Fund, any portion of such amounts, to the Revenue Fund. Upon receipt of instructions from an Authorized Officer, the Trustee shall transfer from amounts on deposit in the Rate Stabilization Fund, any portion of such amounts, to the MDC to be used in accordance with Section 9.13 of the Special Obligation Indenture.

Payment of Bonds. [Section 9.1] The MDC shall duly and punctually pay or cause to be paid, but only from the Trust Estate as provided herein, the Principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming with respect to any Series of Bonds.

Coverage Covenant. [Section 9.3]. The MDC will establish, fix, and revise from time to time, prior to and during each Fiscal Year, and shall collect in each Fiscal Year beginning with the first complete Fiscal Year after issuance of the Initial Bonds, rates, fees and charges representing Pledged Revenues so that the amount of Revenues Available for Debt Service for such Fiscal Year, as certified by an Authorized Officer promptly after the issuance of, and based on, the MDC's audited financial statements for such Fiscal Year, is equal to no less than an amount equal to 1.20 times the Debt Service Requirements in such Fiscal Year.

Power to Issue Bonds and Make Pledges. [Section 9.6]. The Pledged Revenues, or other receipts, funds and moneys pledged pursuant to the Special Obligation Indenture are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto. Pledged Revenues once deposited in and moneys on deposit in the Debt Service Fund and Special Capital Reserve Fund are pledged to the Bonds and shall be applied as provided in the Special Obligation Indenture.

Indebtedness and Liens. [Section 9.7]. The MDC (1) shall not issue any securities or other evidences of indebtedness secured by a prior pledge of particular revenues, receipts, funds or moneys constituting Pledged Revenues or other receipts, funds and moneys purported to be pledged by this Special Obligation Indenture, and (2) shall not create or cause to be created any lien, pledge, or charge (other than the lien and pledge created or permitted by the Special Obligation Indenture) on the Bond Proceeds Fund, the Debt Service Fund, and the Redemption Fund and (3) shall not hereafter mortgage any of its property for which any of the Pledged Revenues are applicable and, in any event, shall not mortgage the System. Except as provided below, the MDC shall not issue any securities or other evidence of indebtedness secured by a parity pledge of the Pledged Revenues, other than Additional Bonds or Refunding Bonds or otherwise permitted with respect to Notes pursuant to the provisions of the Special Obligation Indenture.

Nothing in the Special Obligation Indenture shall prevent the MDC from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Pledged Revenues to be derived on and after the date the Special Obligation Indenture shall be discharged and satisfied as provided in the Special Obligation Indenture, or payable from amounts transferred from the Revenue Fund under clause Third of Section 6.5C.

Issuance of Additional Bonds; Execution of Swaps. [Section 9.8]. No Additional Bonds may be authorized and issued under the Special Obligation Indenture unless a certificate signed by an Authorized Officer of the MDC is delivered to the Trustee stating that either (i) the Revenues Available for Debt Service, for either of the last two full Fiscal Years, based on the most recent audited financial statements of the MDC preceding the date of issuance of such Additional Bonds, were equal to an amount at least 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year or (ii) the Revenues Available for Debt Service, for either of the last two full Fiscal Years, adjusted for any adopted increases in the Special Sewer Service Surcharge as if such increases had been in effect from the beginning of such Fiscal Year, were equal to an amount 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year.

No Refunding Bonds may be authorized and issued under the Special Obligation Indenture unless a certificate signed by an Authorized Officer of the MDC is delivered to the Trustee stating that (i) estimated average annual Debt Service Requirements on such Series of Refunding Bonds shall not exceed the average annual Debt Service on the Bonds to be refunded and (ii) the maximum Debt Service Requirement in any Fiscal Year on such Series of Refunding Bonds shall not exceed the maximum Debt Service in any Fiscal Year on the Bonds to be refunded.

No Swap shall be entered into by the MDC unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds is filed thereupon with the Trustee.

System. [Section 9.9]. The MDC shall use and apply the proceeds of the Bonds for the Project and shall do all such acts and things appropriate or necessary to receive and collect Pledged Revenues.

The MDC shall operate, or cause to be operated, its water and sewer systems properly and in a sound, efficient and economical manner, and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept in good repair and operating condition, and shall from time to time, make, or cause to be made, all necessary and proper repairs, replacements and renewals, so that the operation of its water and sewer systems may be properly and advantageously conducted, and, if any useful part of its water and sewer systems is damaged or destroyed or taken by exercise of eminent domain, the MDC shall, as expeditiously as practicable, commence and diligently prosecute the replacement or reconstruction of such damaged or destroyed part so as to restore the same to use, and the replacement of such part so taken; provided, however, that nothing in this Indenture shall require the MDC to operate, maintain, preserve, repair, replace, renew or reconstruct any part of its water and sewer systems if there shall have been filed with the Trustee (1) a certificate of an Authorized Representative stating that in the opinion of the signer (a) abandonment, or cessation of operation of such part is economically justified, and (b) failure to operate, maintain, preserve, repair, replace, renew or reconstruct such part will not impair the ability of the MDC to satisfy the covenants in this Indenture in the current or any future Fiscal Year, and (2) a certificate of a Consulting Engineer, concurring in such opinion of the Authorized Representative, if the book value of such part of its water and sewer systems exceeds 1% of the book value of its water and sewer systems.

The MDC shall establish and enforce reasonable rules and regulations governing the operation, use, and services of the system.

The MDC covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to its water and sewer systems with such variations as shall reasonably be required to conform to applicable standard customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in the State, and shall be payable to the MDC.

Tax Exemption. [Section 9.10]. In the event Bonds are sold under the Special Obligation Indenture or any Supplemental Indenture thereto as federally tax-exempt bonds, the MDC covenants that it will not take any action or fail to take any action that, solely as a result of such action or failure to act, would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

Use of Pledged Revenues. [Section 9.13]. Any funds withdrawn from the Rate Stabilization Fund pursuant to Section 6.9C of the Special Obligation Indenture or withdrawn from the Revenue Fund pursuant to clause Third of Section 6.5C of the Special Obligation Indenture shall be used by the MDC only for such purposes as may be both (i) a permitted use for the Special Sewer Service Surcharge under its ordinances as from time to time in effect and (ii) limited to payment of capital expenditures in connection with the Project or payment of debt service on indebtedness of the MDC incurred for purposes of funding capital expenditures in connection with the Mandate and the Project (and including, for this purpose, any item of debt service if it would be Debt Service under the Indenture if incurred with respect to Bonds).

State Pledge. [Section 9.15]. As authorized under Section 11 of S.A. 14-21, the District includes the following pledge and undertaking for the State, in the Special Obligation Indenture and in the Bonds issued thereunder:

> The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes and other obligations issued by the Metropolitan District in Hartford County created pursuant to number 511 of the special acts of 1929, as amended, under the authority of chapter 103 of the general statutes or under section 4 of special act 90-27, as amended by section 6 of public act 93-380 and section 10 of this act, which are payable solely from the income and revenue of a particular facility, system or program or the revenues to be derived from sewerage system use charges, and with those parties who may enter into contracts with the district in respect of the same, that the state will not limit or alter the rights vested in the authority to charge and collect such income, revenues, or sewerage system use charges, or in the holders of any bonds, notes or other obligations of the district until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the district, provided nothing contained herein shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds, notes and other obligations of the district or those entering into contracts with the district. The district is authorized to include this pledge and undertaking for the state in such bonds, notes and other obligations or contracts.

Modification and Amendment Without Consent. [Section 10.1]. The MDC may, at any time or from time to time, enter into Supplemental Indentures without consent of the Bondholders or the provider of either a Bond Facility, a Swap Facility or Swap, for any one or more of the following purposes: (1) to provide for the issuance of a Series of Bonds or Notes or Swaps pursuant to the provisions of the Special Obligation Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed; (2) to add additional covenants and agreements of the MDC for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the MDC contained in the Special Obligation Indenture; (3) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the MDC which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (4) to surrender any right, power or privilege reserved to or conferred upon the MDC by the terms of the Special Obligation Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the MDC contained in the Special Obligation Indenture; (5) to confirm as further assurance any pledge under the Special Obligation Indenture subject to any lien, claim or pledge created or to be created by the provisions of the Special Obligation Indenture, of the moneys, securities or funds; (6) to modify any of the provisions of the Special Obligation Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such subsequent Supplemental Indenture shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture; (7) to cure any ambiguity, or defect or inconsistent provision in the Special Obligation Indenture or to insert such provisions clarifying matters or questions arising under the Special Obligation Indenture as are necessary or desirable in the event any such modifications ate not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect; (8) consistent with Section 9.10 of the Special Obligation Indenture, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes; (9) to grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with the Special Obligation Indenture as therefore in effect; (10) to grant such rights and remedies and make such other covenants subject to the Special Obligation Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect; or (11) to provide for the issuance of indebtedness of the MDC secured by payments to be made pursuant to Clause Third of Section 6.5C of the Special Obligation Indenture.

Amendments and Supplemental Indentures Effective With Consent of Bondholders. [Section 10.2]. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Facility or otherwise, the provisions of the Special Obligation Indenture may also be modified or amended, at any time or from time to time, by any Supplemental Indenture, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI of the Special Obligation Indenture, to become effective upon the execution thereof by the MDC and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the MDC.

Powers of Amendment. [Section 11.1]. Except as provided in Section 10.1 of the Special Obligation Indenture, any modification or amendment of the Special Obligation Indenture and of the rights and obligations of the MDC and of the Holders of the Bonds thereunder, in any particular, may be made by any Supplemental Indenture, with the written consent of the Holders of not less than a majority in principal amount of the Outstanding Bonds of all Series affected by such amendment or amendments or Supplemental Indenture or Indentures, voting as a single series; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment (1) shall permit a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or (2) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

Consent of Bondholders. [Section 11.2]. A. The MDC and the Trustee may at any time enter into any Supplemental Indenture making a modification or amendment permitted by the Special Obligation Indenture. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the MDC) together with a request to Bondholders for their consent thereto in form satisfactory to the MDC, shall promptly after adoption be mailed by the MDC to Bondholders. Such Supplemental Indenture shall not be effective unless and until (1) there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 11.1 of the Special Obligation Indenture, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of the Special Obligation Indenture, is authorized or permitted by the Special Obligation Indenture, and is valid and binding upon the MDC and enforceable in accordance with its terms, and (2) a notice shall have been published as provided in Section 11.2 of the Special Obligation Indenture.

Exclusion of Bonds. [Section 11.5]. Bonds owned or held by or for the account of the MDC shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Special Obligation Indenture, and the MDC shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Special Obligation Indenture. At the time of any consent or other action taken under the Special Obligation Indenture, the MDC shall furnish the Trustee a certificate of an Authorized Officer of the MDC, upon which the Trustee may rely, describing all Bonds so to be excluded.

Events of Default. [Section 12.1]. Each of the following events shall be an "Event of Default":

(1) the MDC shall default in the payment of the Principal of or Redemption Price, it any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(2) Except as provided in Subsection (1) above, the MDC shall fail or refuse to comply with the provisions of the Special Obligation Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than one-third in principal amount of the Outstanding Bonds, or in the Event of Default arising from the failure of the MDC to duly and punctually perform the covenant contained in Section 9.10 of the Special Obligation Indenture which results in the interest on the Bonds of the Series to which such covenant applies being no longer excluded from gross income under Section 103(a) of the Code, one-third in principal amount of the Outstanding Bonds of such Series affected thereby; provided, however, any failure by the MDC comply with the provisions of Section 9.3 of the Special Obligation Indenture shall not constitute an Event of Default if the MDC

shall adopt rates, fees and charges within 150 days after the end of a Fiscal Year which, had they been in effect from the beginning of such Fiscal Year would have been sufficient to comply with such Section 9.3, as demonstrated by an Officer's Certificate; or

(3) The MDC (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of the whole or any substantial part of its water and sewer systems, or (v) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the MDC, or of the whole or any substantial part of the System.

Remedies. [Section 12.2]. Upon the happening and continuance of any Event of Default after the conditions specified in the Special Obligation Indenture have been satisfied, the Trustee may:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the MDC to receive and collect revenues, including Pledged Revenues adequate to carry out the covenants and agreements as to, and the pledge of, such Pledged Revenues and to require the MDC to carry out any other covenants or agreements with Bondholders and to perform its duties under the Authorizing Acts;

(2) bring suit upon the Bonds;

(3) by action or suit in equity, require the MDC to account as if it were the trustee of an express trust for the Holders of the Bonds; and

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

In the enforcement of any rights and remedies under the Special Obligation Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the MDC for Principal, Redemption Price, interest or otherwise, under any provision of the Special Obligation Indenture or any Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the MDC for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable. All remedies conferred upon or reserved to the Holders of Bonds may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by any Supplemental Indenture and may be cumulative.

Priority of Payments After Default. [Section 12.3]. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and Principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Special Obligation Indenture, shall be applied as follows: first, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably (after application of the funds securing particular bonds as set forth in Section 12.3 of the Special Obligation Indenture), according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; second, to the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably (after application of the funds securing particular bonds as set forth in Section 12.3 of the Special Obligation Indenture), according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and third, to the payment to other persons entitled to payment under the Special Obligation Indenture or any applicable Supplemental Indenture.

Limitation of Rights of Bondholders. [Section 12.6]. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under the Special Obligation Indenture or any right under law unless such Holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been afforded to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to take such action.

Defeasance. [Section 14.1]. If the MDC shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the Principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Special Obligation Indenture, then, at the option of the MDC, expressed in an instrument in writing signed by an Authorized Officer of the MDC and delivered to the Trustee, the covenants, agreements and other obligations of the MDC to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the MDC, execute and deliver to the MDC all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee and the Paying Agents shall pay over or deliver to the MDC all moneys, securities and funds held by them pursuant to the Special Obligation Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the MDC of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with effect in the foregoing paragraph. Any Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the MDC shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption, (2) there shall have been deposited with the Trustee either (a) moneys in an amount which shall be sufficient, (b) Government Obligations or (c) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (b), , the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, or other bank or trust company, at the same time, are certified by an independent public accounting firm or verification firm of national reputation to be sufficient, to pay, when due, the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the MDC shall have given the Trustee in form satisfactory to it irrevocable instructions to notify the Holders of such Bonds, as soon as practicable, that the deposit required by clause (2) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, on said Bonds, and (4) a Counsel’s Opinion has been delivered to the Trustee to the effect that the discharge of such Bonds will not result in the interest on any Bonds becoming includable in the gross income of Holders thereof for federal income tax purposes (to the extent those Bonds were issued on the basis that the interest thereon was excluded from gross income of the Holders for federal income tax purposes).

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APPENDIX D

DEFINITIONS OF CERTAIN TERMS OF THE SPECIAL OBLIGATION INDENTURE

"Additional Bonds" means all Bonds, other than the Initial Bonds, issued under the Special Obligation Indenture pursuant to a Supplemental Indenture adopted by the MDC pursuant to Sections 2.4 and 9.8 of the Special Obligation Indenture and Refunding Bonds issued pursuant to Section 2.5 of the Special Obligation Indenture.

"Authorized Officer" means, in the case of the MDC, the Chair or Vice-Chair of the Board of Commissioners, the Chief Executive Officer or any other person duly authorized by the District Charter or resolution of the MDC to perform the act or sign the document in question.

"Balloon Indebtedness" means (i) Bonds, twenty-five percent (25%) or more of the initial principal amount of which matures (or is payable at the option of the holder) in any twelve-month period, if such twenty-five percent (25%) or more is not to be amortized to below twenty-five percent (25%) by mandatory redemption prior to the beginning of such twelve month period; or (ii) any portion of an issue of Bonds which, if treated as a separate issue of Bonds, would meet the test set forth in clause (i) of this definition and which Bonds are designated as Balloon Indebtedness in an Officer's Certificate stating that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

"Board of Commissioners" means the board of commissioners of the MDC.

"Bond", **"Bonds"** or **"Special Obligation Bonds"** means the Initial Bonds, together with any Additional Bonds.

"Bond Depository" means a place or institution that holds securities certificates for safekeeping and maintains a recordkeeping system such that all or a portion of such Bonds held can be sold and transferred without the physical movement of their respective certificates.

"Bond Index" means (i) for tax-exempt Bonds, the 30-year Revenue Bond Index published most recently by The Bond Buyer, or a comparable index determined to be the Bond Index by the MDC if such Revenue Bond Index is not so published; or (ii) for taxable Bonds, the interest rate or interest index as may be certified to the MDC and the Trustee as appropriate to the situation by a firm of nationally recognized investment bankers or a financial advisory firm experienced in such field.

"Bondholders" or **"Holder of Bonds"** or **"Holder"** or **"Owner"**, when used with reference to Bonds, or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Cost", as applied to the Mandate and the Project, includes, but is not limited to: the cost of planning, designing, constructing, building, alteration, enlargement, reconstruction, renovation, improvement, equipping and remodeling; the cost of all labor, materials, building systems, machinery and equipment; the cost of all lands, structures, real or personal property, rights, easements and franchises acquired; the cost of all utility extensions, access roads, site development, financing charges, premiums for insurance, interest prior to and during construction and for six months thereafter; the cost of working capital related thereto; the cost of plans and specifications, surveys and estimates of cost and of revenues; the cost of accountants, audits, engineering, feasibility studies, legal and other professional consulting or technical services; the cost of reserves for payment of future debt service related to the financing transaction proceedings and for future repairs, renewals, replacements, additions and improvements; the cost of all other expenses necessary or incident to determining the feasibility or practicability of such construction; and administrative and operating expenses and such other expenses as may be necessary or incident to the financing authorized.

"Costs of Issuance" means all costs related to the proceedings under which Bonds are issued under the Special Obligation Indenture, including but not limited to administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility or a Swap Facility, including without limitation a Swap Provider, including a Term-Out Payment on a Swap, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the MDC to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with Section 9.10 of the Special Obligation Indenture.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the MDC (who may be the General Counsel of or other counsel to the MDC); provided, however, that for the purposes of Article II and Article IX of the Special Obligation Indenture such term shall mean an opinion signed by Finn Dixon & Herling LLP or Hinckley, Allen & Snyder LLP or another attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"Debt Service" means for any period, and with respect to the Bonds, subject to the Special Obligation Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum, without duplication, of (A) the Principal Installments, Sinking Fund Installments and Interest Requirement accruing and coming due during such period, (B) Swap Payments, (C) Term-Out Payments, and (D) Reimbursement Obligations.

"Debt Service Requirement" means, for any period, the sum of the Principal Installment and Interest Requirement; provided that for this purpose only: (i) interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate; (ii) if the MDC shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the MDC under such Swap; (iii) Balloon Indebtedness shall be treated as indebtedness which, at the later of the date of its original incurrence or the date of calculation, is amortized, on a level debt service basis, over twenty five (25) years, with level annual debt service, at a rate of interest equal to the Bond Index, as determined by an Officer's Certificate; (iv) Discount Indebtedness shall, at the election of the MDC, be deemed to be the accreted value of such Discount Indebtedness computed on the basis of a constant yield to maturity; and (v) in the case of a Principal Installment which is a Refundable Principal Installment, only the portion of such Principal Installment shall be included which is determined as if each such Refundable Principal Installment has been payable over a period extending from the due date of such Refundable Principal Installment through the last date on which such Series of Bonds could have been stated to mature under the Authorizing Acts as in effect on the date of issuance of such Series, in installments which would have required equal annual payments of Principal Installments and interest over such period, with such interest calculated at the actual interest cost payable on the Bonds of such Series (using the actuarial method of calculation).

"Discount Indebtedness" means Bonds sold to the original purchaser thereof (other than any underwriter or other similar intermediary) at a discount from the par amount of such Indebtedness.

"GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

"Initial Bonds" means the 2013 Series A Bonds issued under the Special Obligation Indenture.

"Interest Requirement" means, as of the date of computation with respect to any period, an amount equal to the aggregate maximum amount coming due during such period on any Interest Payment Date, of (1) interest which may be payable on Outstanding Bonds (including interest payable at a higher rate during any period held by the provider of a Bond Facility), less any Swap Receipt and (2) Swap Payments.

“Mandate” means measures necessary to comply with the Government Orders, as in effect from time to time.

“MDC” means the Metropolitan District Commission, Hartford County, Connecticut, a body politic and corporate created under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended, or any body, agency, or instrumentality which shall hereafter succeed to the powers, duties and functions of the MDC hereunder.

“Municipal Act” means Chapter 103 of the Connecticut General Statutes, as amended from time to time.

“Officer’s Certificate” means a certificate signed by an Authorized Officer of the MDC.

“Outstanding Bond” means, as of any date, a Bond or portion of any Bond of such Series theretofore or thereupon being authenticated and delivered under the Special Obligation Indenture, except any:

(1) Bond cancelled by the Trustee and Paying Agent or the MDC at or prior to such date;

(2) Bond for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Special Obligation Indenture for such purpose (whether at or prior to the maturity or Redemption Date), provided that if such Bond is to be redeemed, notice of such redemption shall have been given as provided in Article IV of the Special Obligation Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(3) Bond referred to in Section 11.5 of the Special Obligation Indenture;

(4) Bond issued in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article IV, Section 4.6 and Section 11.6 of the Special Obligation Indenture; and

(5) Bond deemed to have been paid as provided in Section 14.1 of the Special Obligation Indenture.

“Paying Agent” for the Bonds of any Series means the bank or trust company located within or without the State and its successor or assigns, appointed by the MDC pursuant to the provisions of the Special Obligation Indenture and any successor or assign so appointed and approved.

“Pledged Revenues” means all revenues to be received by the MDC from the Special Sewer Service Surcharge together with (1) such other legally available revenues as the Board of Directors may determine to pledge under the Special Obligation Indenture by or pursuant to a Supplemental Indenture and (2) any interest earned or gains realized by the investment of moneys held by the Trustee in the funds and accounts created under Section 6.2 of the Special Obligation Indenture, which are treated under the Special Obligation Indenture as Pledged Revenues and which constitute a part of the Trust Estate.

“Principal” means the principal amount of the Bonds of a Series as due on a certain future date.

“Principal Installment” for any period, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding:

(1) the principal amount of Bonds of said Series which mature in such period, reduced by the aggregate principal amount of such Bonds which would before such period be retired by reason of the payment when due and application in accordance with the Special Obligation Indenture or Sinking Fund Installments payable before such period for the retirement of such Bonds, plus

(2) the unsatisfied balance (determined as provided in Section 6.6 of the Special Obligation Indenture) of the Sinking Fund Installments, if any, due during such period for the Bonds of such Series.

"Rate Stabilization Fund" means the fund established pursuant to Section 6.2 of the Special Obligation Indenture and governed by Section 6.9 thereof.

"Record Date" with respect to any Series of Bonds shall have the meaning given such term in the Supplemental Indenture setting forth the terms of such Series of Bonds.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Special Obligation Indenture.

"Refundable Principal Installment" means any Principal Installment for any Series of Bonds which the MDC intends to pay with moneys which are not Pledged Revenues, provided that such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds and provided further that such Principal Installment shall be a Refundable Principal Installment only through the date of the annual budget of the MDC adopted during the Fiscal Year immediately preceding the Fiscal Year in which such Principal Installment comes due unless the MDC has delivered to the Trustee a certificate of an Authorized Officer that it has made provision for the payment of such Principal Installment from a source other than Pledged Revenues. Such provisions may be established by a firm commitment, subject to customary conditions, from one or more commercial banks or investment banking firms to purchase Bonds sufficient to refund such Principal Installment.

"Revenues Available for Debt Service" shall mean, with respect to any period, Pledged Revenues deposited in the Revenue Fund in such period plus amounts transferred from the Rate Stabilization Fund to the Revenue Fund during such period, provided, however, for purposes of calculating Revenues Available for Debt Service, the amounts transferred from the Rate Stabilization Fund included for this purpose shall not exceed 35% of Debt Service Requirements for such period.

"Securities Depository" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; or successor entities, or, in accordance with the then current applicable guidelines of the SEC, such other addresses and/or such other securities depositories or any such other depositories as the MDC may designate in writing to the Trustee.

"Series of Bonds" or **"Bonds of a Series"** or words of similar meaning, means the designated series of Bonds authorized by the Special Obligation Indenture with respect to Initial Bonds or by the Special Obligation Indenture and a Supplemental Indenture with respect to any Additional Bonds.

"Sinking Fund Installment" means, for any period as of any date of calculation and with respect to any Outstanding Series of Bonds, the amount of money required by the Special Obligation Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the MDC by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"Special Sewer Service Surcharge" means the charge applied to the water bill of a property owner who utilizes any of the services of the MDC for sewage collection, treatment and disposal, as established by Section S12x of the MDC's Ordinances Relating to Sewers, as amended from time to time.

"Supplemental Indenture" means any supplemental indenture entered into by the Trustee and the MDC pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture providing for the issuance of Initial Bonds, Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture amending or supplementing the provisions of the Special Obligation Indenture as originally executed or as theretofore amended or supplemented.

"Termination Receipt" means with respect to a Swap an amount required to be paid to the MDC by the Swap Provider or related Swap Facility as a result of the termination of the Swap.

“Term-Out Payment” means one or more payments payable under a Swap after Swap Payments or Swap Receipts are no longer required under the Swap.

“Trust Estate” means all of the funds, securities, property, rights, privileges and interest conveyed, pledged and assigned as provided in the Granting Clause of the Special Obligation Indenture.

“Trustee” means U.S. Bank National Association, and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 8.10 of the Special Obligation Indenture.

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APPENDIX E- CONTINUING DISCLOSURE AGREEMENT

The Metropolitan District, Hartford County, Connecticut
$140,000,000 Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds)
Dated November 14, 2014

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the "District") has authorized the issuance of $140,000,0000* Clean Water Project Revenue Bonds, 2014 Series A (Green Bonds), dated November 14, 2014 (the "Bonds"), , to mature on the dates and in the amounts set forth in the District's Official Statement dated October 28, 2014 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by negotiated sale pursuant to a Bond Purchase Agreement dated October 28, 2014 (the "Contract of Purchase"); and

WHEREAS, in the Contract of Purchase, the District acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure as required by the Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the District desires to assist the underwriters of the Bonds to meet the requirements of the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriters of the Bonds to meet the requirements of the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the District in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions above, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the District pursuant to and as described in and consistent with Sections 2 and 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Section 2(a) by which the Annual Report is to be filed with the Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the District for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

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"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system of the MSRB as described in 1934 Act Release No. 57577 for purposes of the Rule or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for the purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

SECTION 2. Provision of Annual Reports.

(a) The District shall provide, annually, an electronic copy of the Annual Report to the Repository not later than eight months after the end of each fiscal year of the District, commencing with the fiscal year ending December 31, 2014. Such date is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If Audited Financial Statements of the District are prepared but not available prior to the Annual Filing Date, the District shall submit unaudited financial statements by the Annual Filing Date and, when the Audited Financial Statements are available, shall file the Audited Financial Statements in a timely manner with the Repository. If the District is no longer required by applicable law, regulations or other legally binding obligation to prepare such audited financial statements, the District reserves the right to provide only financial statements which are not audited.

(c) If the District is unable to provide an Annual Report to the Repository by the Annual Filing Date, it shall send a notice in electronic format to the Repository of its failure to provide such Annual Report.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain Annual Financial Information with respect to the District as follows: (i) commencing with information and data for the fiscal year ending December 31, 2014, the financial statements of the District, which statements shall be prepared in accordance with generally accepted accounting principles accepted in the United States, as promulgated by the Government Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time, as described in Section 2; and (ii) to the extent not included in the financial statements described in (i) above:

a) under the heading "PLAN OF FINANCE", information concerning historical expenditures for the Clean Water Project, by type (but only until the proceeds of the Bonds have been spent on such expenditures), historical funding for the Clean Water Project, collections of the special sewer service surcharge, collections for the eight largest payers of the special sewer service surcharge, and debt service coverage;

b) under the heading "SEWER AND WATER OPERATIONS", information concerning the District's facilities for sewer service and the sewer user charges, facilities for water service, water consumption and water utility unit charges.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Repository or the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District will clearly identify each such document so incorporated by reference.

SECTION 4. Reporting of Significant Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Receipt of an adverse tax opinion; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

7. Modifications to rights of the holders of the Bonds, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or other similar event of any obligated person;

13. The consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement related to such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of a name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, provide or cause to be provided a notice of such occurrence to the Repository in electronic format.

SECTION 5. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 6. Dissemination Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement and may discharge any such agent with or without appointing a successor agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement (and any provision of this Agreement may be waived), provided that the following conditions are satisfied:

(a) It may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District or of the type of business conducted by the District;

(b) This Agreement, as so amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The District receives an opinion of counsel expert in federal securities laws to the effect that, the amendment or waiver does not materially impair the interests of the holders of the Bonds, or an approving vote by the holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding.

A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following the adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

SECTION 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event of a failure of the District to comply with any provision of this Agreement, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to specific performance to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default of the District with respect to the Bonds. No person or entity shall have any right to any monetary damages for any default under this Agreement. The District shall not be responsible for any failure by the Repository to timely post disclosure submitted to it by the District or any failure to associate such submitted disclosure to all related CUSIPs assigned to securities of the District.

SECTION 10. Indemnification. The District agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding loss, expense or liability due any such person's willful misconduct. The obligations of the District under this Section shall survive payment of the Bonds.

SECTION 11. Miscellaneous.

(a) All documents provided by the District to a Repository pursuant to the District's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

IN WITNESS WHEREOF, the District has caused this Continuing Disclosure Agreement to be executed in its name by the undersigned officers, duly authorized, all as of the date first written above.

THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT

By: ______________________________
William A. DiBella
Chairman

By: ______________________________
John M. Zinzarella
Deputy Chief Executive Officer
Business Services/Treasurer

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2014 Series A Bonds, payment of interest and other payments on the 2014 Series A Bonds to DTC Participants or Beneficial Owners of the 2014 Series A Bonds, confirmation and transfer of beneficial ownership interests in the 2014 Series A Bonds and other bond-related transactions between DTC, the DTC Participants and Beneficial Owners of the 2014 Series A Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the MDC, the Trustee and the Underwriters do not and cannot make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2014 Series A Bonds. The 2014 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2014 Series A Bond certificate will be issued for each maturity of the 2014 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of 2014 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Series A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Series A Bonds, except in the event that use of the book-entry system for the 2014 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Series A Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2014 Series A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the MDC as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the 2014 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the MDC or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent, or the MDC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the MDC or the Paying Agent disbursing such payments on the 2014 Series A Bonds, disbursement of such payment to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2014 Series A Bonds at any time by giving reasonable notice to the MDC or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2014 Series A Bond certificates are required to be printed and delivered.

The MDC may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Series A Bond certificates will be printed and delivered to DTC.

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. THE MDC, THE UNDERWRITERS AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, INTEREST ON OR PURCHASE PRICE OF THE 2014 SERIES A BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2014 SERIES A BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

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THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT • CLEAN WATER PROJECT REVENUE BONDS, 2014 SERIES A (GREEN BONDS)

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