



**BOARD OF FINANCE
SPECIAL MEETING
MONDAY, JULY 10, 2023
4:00 PM**

<u>Location</u>	<u>Commissioners</u>	<u>Citizen Members</u>
Board Room	Adil	Iacovazzi
District Headquarters 555 Main Street, Hartford	Currey DiBella (Ex-Officio) Hoffman (VC) Salemi (C)	King-Corbin Russo Tsegai
Dial in #: (415)-655-0001 Access Code: 980 274 00# Meeting Video Link	Quorum: 5	

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF MAY 31, 2023
4. REPORT FROM CLIFTON LARSON ALLEN LLP RE 2022 AUDIT
 - A. GOVERNANCE COMMUNICATION
 - B. FEDERAL SINGLE AUDIT REPORT
 - C. ANNUAL COMPREHENSIVE FINANCIAL REPORT
5. CONSIDERATION AND POTENTIAL ACTION RE: CAPITAL PROJECT CLOSEOUTS
6. CONSIDERATION AND POTENTIAL ACTION RE: SUPPLEMENTAL APPROPRIATION OF \$129,900,000 FOR 2023 INTEGRATED PLAN AND AUTHORIZATION FOR ISSUANCE OF BONDS OR NOTES NOT TO EXCEED \$129,900,000
7. DISCUSSION RE: POTENTIAL REIMBURSEMENT TO PROPERTY OWNERS FOR PRIOR PRIVATE PROPERTY SEWER HOUSE CONNECTION REPLACEMENTS
8. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
9. COMMISSIONER REQUESTS FOR FUTURE AGENDA ITEMS
10. ADJOURNMENT

**BOARD OF FINANCE
REGULAR MEETING
The Metropolitan District
555 Main Street, Hartford
Wednesday, May 31, 2023**

PRESENT: Commissioners Donald Currey, Allen Hoffman, Pasquale J. Salemi and District Chairman William DiBella; Citizen Member Drew Iacovazzi (5)

REMOTE ATTENDANCE: Commissioner Andrew Adil and Citizen Member Awet Tsegai (2)

ABSENT: Citizen Members Linda King-Corbin and Linda Russo (2)

ALSO PRESENT: Commissioner Alvin Taylor
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel (Remote Attendance)
John S. Mirtle, District Clerk
Robert Barron, Chief Financial Officer
Chris Levesque, Chief Operating Officer
Kelly Shane, Chief Administrative Officer
Jamie Harlow, Director of Human Resources (Remote Attendance)
Susan Negrelli, Director of Engineering
Robert Schwarm, Director of Information Services
Thomas Tyler, Director of Facilities
Dave Rutty, Director of Operations
Diana Phay, Treasury Manager
Lisa Remsen, Manager of Budget and Analysis
Carrie Blardo, Assistant to the Chief Executive Officer
Victoria Escoriza, Executive Assistant

CALL TO ORDER

Chairperson Salemi called the meeting to order at 3:01 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

Judy Allen of West Hartford spoke regarding Agenda Item #7, and suggested considering the quality of the transcripts rather than only the cost. She asked if having the meetings transcribed could possibly result in meetings being cut short, before all business is handled. She also inquired whether the Commissioners would identify themselves when speaking and ensure only one Commissioner speaks at a time.

APPROVAL OF MINUTES

On motion made by Commissioner Hoffman and duly seconded, the meeting minutes of the Board of Finance meeting of April 26, 2023 were approved.

**BOARD OF FINANCE
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION
BONDS OF THE METROPOLITAN DISTRICT IN AN AMOUNT NOT TO EXCEED
\$90,000,000**

To: Board of Finance for consideration on May 31, 2023

It is RECOMMENDED that it be:

VOTED: That the Board of Finance recommends to the District Board adoption of the following resolution from Bond Counsel.

BE IT RESOLVED:

SECTION 1. The Metropolitan District (the "District") General Obligation Bonds (the "**Bonds**") in an amount not to exceed \$90,000,000, are hereby authorized to be issued to: (a) fund Capital Improvement Projects (the "Projects") and (b) pay certain costs of issuance for the Bonds. The Bonds are authorized to be issued to fund such portion of the authorized and unissued balances of the capital appropriations contained in certain bond resolutions adopted to finance capital budget items enacted by the District Board, and for such Projects as determined by the Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence the Deputy Treasurer (the "**Authorized Officers**"). Proceeds of the Bonds shall be used to finance the expenditures for any of the purposes or Projects and for any supplemental purposes or projects the Board of Finance and the District Board may from the date hereof authorize to be financed by the issuance of bonds.

SECTION 2. The Bonds shall be dated on or about August 10, 2023. The Bonds shall have maturity dates in accordance with the Connecticut General Statutes, as amended, and shall bear interest payable semiannually each year until maturity and be issued in fully registered form. The Bonds shall be payable at and certified by U.S. Bank Trust Company, National Association, which bank shall also serve as registrar and transfer agent for the Bonds. The Bonds may be sold as a single issue or consolidated with any other authorized issues of bonds of the District. The Bonds shall be sold by the District Treasurer, or in his absence, the Deputy Treasurer, in one or more competitive offerings or negotiated offerings, in the discretion of the District Treasurer, or in his absence, the Deputy Treasurer. If sold in one or more competitive offerings, the Bonds shall be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the District, and in no case for a sum less than par and accrued interest to the date of delivery, and the District Treasurer, or in his absence the Deputy Treasurer, is hereby authorized to determine the principal amount to be issued, the principal amount to mature in each year, the optional redemption date(s) and redemption premium(s), if any, and the rate or rates of interest on the Bonds, and deliver the

Bonds to the purchaser(s) thereof in accordance with this resolution. If sold in one or more negotiated offerings, the Authorized Officers are authorized to negotiate, execute and deliver one or more bond purchase agreements for the Bonds setting forth all the terms and conditions of the sale in such form as they shall deem necessary and appropriate, and deliver the Bonds to the purchaser(s) thereof in accordance with this resolution.

SECTION 3. The Bonds shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Authorized Officers, bear the District seal or a facsimile thereof, and be approved as to their legality by Shipman & Goodwin LLP, Bond Counsel to the District. The Authorized Officers are authorized to execute and deliver a Tax Certificate and Tax Compliance Agreement on behalf of the District in such forms as they shall deem necessary and appropriate, and to rebate to the federal government such amounts as may be required pursuant to the Tax Certificate for the purpose of complying with the requirements of the Internal Revenue Code of 1986, as amended. The Authorized Officers are authorized to execute and deliver a Continuing Disclosure Agreement and any and all agreements and documents necessary to effect the issuance and sale of the Bonds in accordance with the terms of this resolution. The Authorized Officers are authorized to execute and deliver on behalf of the District any documents or instruments necessary or desirable for the issuance of the Bonds.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

On motion made by District Chairman DiBella and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

**BOARD OF FINANCE
REALLOCATION OF PROCEEDS OF CERTAIN GENERAL OBLIGATION BONDS OF THE
METROPOLITAN DISTRICT**

To: Board of Finance for consideration on May 31, 2023

Staff is seeking authority for the District to reallocate:

1. Proceeds from the District's \$76,500,000 General Obligation Bonds, Issue of 2019, Series A, dated August 8, 2019 from the capital improvement projects set forth on Exhibit A-1 (attached hereto) to the capital improvement projects set forth on Exhibit A-1;

2. Proceeds from the District's \$130,810,000 General Obligation Bonds, Issue of 2021, Series A, dated August 31, 2021 from the capital improvement projects set forth on Exhibit A-2 (attached hereto) to the capital improvement projects set forth on Exhibit A-2; and

3. Proceeds from the District's \$74,380,000 General Obligation Bonds, Issue of 2022, dated August 30, 2022 from the capital improvement projects set forth on Exhibit A-3 (attached hereto) to the capital improvement projects set forth on Exhibit A-3.

It is therefore RECOMMENDED that it be:

Voted: That the Board of Finance recommends to the District Board passage of the following resolution:

**RESOLUTION AUTHORIZING THE REALLOCATION OF PROCEEDS OF CERTAIN
GENERAL OBLIGATION BONDS OF THE METROPOLITAN DISTRICT**

Proceeds from certain of the District's General Obligation Bonds are hereby reallocated as follows:

1. Proceeds from the District's \$76,500,000 General Obligation Bonds, Issue of 2019, Series A, dated August 8, 2019 from the capital improvement projects set forth on Exhibit A-1 to the capital improvement projects set forth on Exhibit A-1;

2. Proceeds from the District's \$130,810,000 General Obligation Bonds, Issue of 2021, Series A, dated August 31, 2021 from the capital improvement projects set forth on Exhibit A-2 to the capital improvement projects set forth on Exhibit A-2; and

3. Proceeds from the District's \$74,380,000 General Obligation Bonds, Issue of 2022, dated August 30, 2022 from the capital improvement projects set forth on Exhibit A-3 to the capital improvement projects set forth on Exhibit A-3.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

EXHIBIT A-1

District's \$76,500,000 General Obligation Bonds, Issue of 2019, Series A,
dated August 8, 2019

BOND	TYPE	FROM	DESCRIPTION	AMOUNT	TO	DESCRIPTION	AMOUNT
I. Reallocated from the 2019 GO Bond Sewer							
	Sewer	C-14019	2014 Levee Protection System Improvements, East Hartford and Hartford	(124,000)	C-17019	2017 General Purpose Sewer	124,000
			Total 2019 GO Bond Reallocations	(124,000)			124,000

EXHIBIT A-2

District's \$130,810,000 General Obligation Bonds, Issue of 2021, Series A,
dated August 31, 2021

BOND	TYPE	FROM	DESCRIPTION	AMOUNT	TO	DESCRIPTION	AMOUNT
II. Reallocated from the 2021 GO Bond Sewer							
	Sewer	C-15022	2015 CCTV Generated Sewer Contracts	(61,000)	C-17019	2017 General Purpose Sewer	61,000
Reallocated from the 2021 GO Bond Water							
	Water	C-19006	2019 Water Main Replacement Program	(687,000)			
	Water	C-18001	2018 Water Main Replacement Program	(136,000)			
	Water	C-14005	2014 Kilkenny Water	(673,000)			
	Water	C-16003	2016 Bloomfield Transmission Main Extension	(91,000)			
	Water	C-20007	2020 Long Hill Road Water Main, East Hartford and South Windsor	(78,000)			
	Water	C-19007	2019 Bloomfield Transmission Main Extension - Phase II	(28,000)	C-21016	2021 District-wide Water Main Replacement Program (4 Projects main is C-21012)	1,693,000
	Water	C-99P13	2013 Paving Program	(5,000)			
	Water	C-10004	2010 Dam Safety Improvements - Res # 1	(123,000)			
	Water	C-19007	2019 Bloomfield Transmission Main Extension - Phase II	(4,000)	C-21017	2021 District-wide Water Main Replacement Program (4 Projects main is C-21012)	132,000
			Total 2021 GO Bond Reallocations	(1,886,000)			1,886,000

EXHIBIT A-3

District's \$74,380,000 General Obligation Bonds, Issue of 2022,
dated August 30, 2022

BOND TYPE	FROM	DESCRIPTION	AMOUNT	TO	DESCRIPTION	AMOUNT
III. Reallocated from the 2022 GO Bond Combined						
Combined	2022 NRP - C1H04	2022 Construction Services	(216,000)	C1H04	2023 Construction/Inspection Services Staffing	216,000
Combined	2022 NRP - C1H02	2022 Inspection Services	(393,000)			
Combined	2022 NRP - C1H03	2022 Engineering Services	(301,000)	C1H03	2023 Engineering Services Staffing	694,000
Reallocated from the 2022 GO Bond Water						
Water	C-21013	2021 Water Treatment Facilities Infrastructure Rehabilitation, Upgrades and Replacements	(1,350,000)			
Water	C-19010	2019 Water Treatment Facilities Infrastructure Rehabilitation, Upgrades & Replacements Including Lab Instrumentation	(968,000)			
Water	C-21011	2021 Water Storage Tank Rehabilitation and Improvement	(925,000)	C-21016	2021 District-wide Water Main Replacement Program (4 Projects main is C-21012)	3,243,000
Water	C-99M22	2022 Advanced Meter Reading Program	(1,393,000)	C-21017	2021 District-wide Water Main Replacement Program (4 Projects main is C-21012)	1,393,000
		Total 2022 GO Bond Reallocations	(5,546,000)			5,546,000
		Grand Total Reallocations	(7,556,000)		Grand Total Reallocations	7,556,000

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

PRIOR YEARS' EXCESS OPEB CONTRIBUTIONS AND 2023 BUDGET

Robert Barron gave a presentation regarding the prior years' excess OPEB Contributions and the 2023 Budget

MEETING TRANSCRIPT POLICY

The Board of Finance discussed a potential policy for meeting transcripts of District Board meetings and the associated estimated expenses. Chairman Salemi requested that the financial information provided to the Board of Finance be forwarded to the Committee on MDC Government and District Board as a new bylaw for meeting transcripts is considered.

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

Judy Allen of West Hartford asked how contributions to OPEB can be excess when OPEB is only 8% funded.

ADJOURNMENT

The meeting was adjourned at 4:12 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval



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The Metropolitan District

Audit Presentation – December 31, 2022



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Agenda



Terms of Engagement



Executive Summary



Financial Highlights



Federal Single Audit



Governance Communication



Upcoming GASB Pronouncements



Terms of Engagement



Express opinions on whether the basic financial statements are presented in accordance with GAAP



Express an “in relation” to opinion on the schedule of expenditures of federal awards.



Express an opinion on compliance related to major federal award programs



Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants



Provide a report on internal control over compliance related to major federal award programs



Executive Summary

- Financial Statements
 - Unmodified opinion issued on the financial statements
 - Best opinion available
 - No findings reported in report on internal control and compliance
 - No management letter



Executive Summary

- Federal Single Audit
 - Unmodified opinion on the major federal program
 - No compliance findings or significant deficiencies in internal control over compliance



Financial Highlights

	2022			2021		
	Governmental	Business-	Total	Governmental	Business-	Total
	Activities	Type Activities		Activities	Type Activities	
Current and Other Assets	\$ 198,827,787	\$ 124,303,441	\$ 323,131,228	\$ 177,461,348	\$ 112,688,483	\$ 290,149,831
Capital Assets, Net of Accumulated Depreciation	2,091,607,357	704,430,969	2,796,038,326	2,037,295,563	680,083,154	2,717,378,717
Total Assets	2,290,435,144	828,734,410	3,119,169,554	2,214,756,911	792,771,637	3,007,528,548
Deferred Outflows of Resources	27,381,255	35,728,325	63,109,580	23,040,774	30,101,961	53,142,735
Current Liabilities	44,271,534	18,484,941	62,756,475	34,747,343	14,560,520	49,307,863
Long-Term Liabilities						
Outstanding	1,269,660,200	522,683,827	1,792,344,027	1,267,981,027	512,978,513	1,780,959,540
Total Liabilities	1,313,931,734	541,168,768	1,855,100,502	1,302,728,370	527,539,033	1,830,267,403
Deferred Inflows of Resources	65,816,562	84,751,599	150,568,161	73,496,973	95,870,745	169,367,718
Net Position:						
Net Investment in						
Capital Assets	924,116,642	322,397,283	1,246,513,925	884,236,060	307,558,127	1,191,794,187
Restricted	2,747,931	-	2,747,931	5,200,545	-	5,200,545
Unrestricted	11,203,530	(83,854,915)	(72,651,385)	(27,864,263)	(108,094,307)	(135,958,570)
Total Net Position	\$ 938,068,103	\$ 238,542,368	\$ 1,176,610,471	\$ 861,572,342	\$ 199,463,820	\$ 1,061,036,162



Financial Highlights

	2022			2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
Program Revenues:						
Charges for Services	\$ 89,065,815	\$ 106,384,553	\$ 195,450,368	\$ 82,889,800	\$ 102,216,273	\$ 185,106,073
Operating Grants and Contributions	10,560,612		10,560,612	12,406,369	-	12,406,369
Capital Grants and Contributions	19,011,971	5,761,906	24,773,877	24,472,158	5,828,453	30,300,611
General Revenues:						
Sewer Taxation - Member Municipalities	53,076,600		53,076,600	51,475,700	-	51,475,700
Unrestricted Investment Earnings	1,777,656	1,808,784	3,586,440	125,549	66,139	191,688
Miscellaneous Income	217,408	1,435,520	1,652,928	-	1,149,683	1,149,683
Total Revenues	173,710,062	115,390,763	289,100,825	171,369,576	109,260,548	280,630,124
EXPENSES						
General Government	6,992,276	-	6,992,276	9,274,700	-	9,274,700
Operations	17,847,612	-	17,847,612	20,309,768	-	20,309,768
Plants and Maintenance	43,551,515	-	43,551,515	49,002,317	-	49,002,317
Interest on Long-Term Debt	28,822,898	-	28,822,898	23,827,057	-	23,827,057
Water	-	76,055,085	76,055,085	-	60,552,012	60,552,012
Hydroelectricity	-	257,130	257,130	-	289,595	289,595
Total Expenses	97,214,301	76,312,215	173,526,516	102,413,842	60,841,607	163,255,449
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	76,495,761	39,078,548	115,574,309	68,955,734	48,418,941	117,374,675
TRANSFERS	-	-	-	-	-	-
NET CHANGE IN NET POSITION	76,495,761	39,078,548	115,574,309	68,955,734	48,418,941	117,374,675
Net Position - Beginning of Year	861,572,342	199,463,820	1,061,036,162	792,616,608	151,044,879	943,661,487
NET POSITION - END OF YEAR	\$ 938,068,103	\$ 238,542,368	\$ 1,176,610,471	\$ 861,572,342	\$ 199,463,820	\$ 1,061,036,162



Financial Highlights

- Pension and OPEB
Financial Statements

	Pension	OPEB	
	Trust Fund	Trust Fund	Total
ADDITIONS:			
Contributions:			
Employer	\$ 9,141,064	\$ 10,701,005	\$ 19,842,069
Plan Members	2,447,478	441,693	2,889,171
Total Contributions	11,588,542	11,142,698	22,731,240
Investment Earnings:			
Net Change in Fair Value of Investments	(40,993,111)	-	(40,993,111)
Interest and Dividends	3,221,549	(326,020)	2,895,529
Total Investment Earnings (Loss)	(37,771,562)	(326,020)	(38,097,582)
Less Investment Expenses:			
Investment Management Fees	1,015,455	2,505	1,017,960
Net Investment Earnings (Loss)	(38,787,017)	(328,525)	(39,115,542)
Total Additions (Reductions)	(27,198,475)	10,814,173	(16,384,302)
DEDUCTIONS:			
Benefits	21,130,550	8,135,353	29,265,903
Administrative Expense	61,011	94,305	155,316
Other	-	7,264,235	7,264,235
Total Deductions	21,191,561	15,493,893	36,685,454
CHANGE IN NET POSITION	(48,390,036)	(4,679,720)	(53,069,756)
Net Position - Beginning of Year	279,203,551	15,933,067	295,136,618
NET POSITION - END OF YEAR	\$ 230,813,515	\$ 11,253,347	\$ 242,066,862



Financial Highlights



Net Pension Liability

\$97.8M 70.24% funded



Net OPEB Liability

\$124.9M 8.27% funded

Federal Single Audit

- Total federal awards expended - \$47.6M
- Major programs
 - Capitalization Grants for Clean Water State Revolving Funds
- Unmodified opinion on major program compliance
- No internal control findings



Auditors' Communication

- GASB 87, Leases adopted
- Significant Estimates
 - Capital Assets – Useful lives
 - Net Pension Liability
 - Net OPEB Liability
 - Allocation of Net Pension and Net OPEB liability
 - Claims Incurred, But Not Reported
 - Allowance for Doubtful Accounts – Water and Sewer billings



Auditors' Communication

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- Uncorrected misstatements
 - GASB 87 Lease Implementation
- No independence issues



GASB Standards

- Implementation Year 2023
 - Statement 91 – Conduit Debt Obligations
 - Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
 - Statement 96 – Subscription-Based Information Technology Arrangements
 - Statement 99 - Omnibus



GASB Standards

- Implementation Year 2024
 - Statement 99 - Omnibus
 - Statement 100 – Accounting Changes and Error Corrections
 - Statement 101 – Compensated Absences





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Questions?



Board of Finance
The Metropolitan District
Hartford, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District (the District) as of and for the year ended December 31, 2022, and have issued our report thereon dated May 19, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement letter dated November 23, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

As described in Note 1, the entity changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. Management has concluded that there was no material impact on the entity's net position and changes in net position as a result of adoption of this standard.

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

Accounting estimates

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

- Management's estimate of the net pension liability and the net other post-employment benefit (OPEB) liability based on actuarial valuations utilizing various assumptions and estimates approved by management.
- Management's estimate of the allocation of net pension liability and OPEB liability between governmental activities and business-type activities.
- Management's estimate of the useful lives of governmental activities and business-type activities capital assets, which are used in computing depreciation in the government-wide and proprietary fund financial statements.

- Management's estimate of the liability for claims incurred but not reported (IBNR) in the self-insurance fund is based on information from the insurance provider regarding claims.
- Management's estimate of the allowance for doubtful accounts related to sewer use/water billings receivable is based on certain historical data and currently known information.

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

Financial statement disclosures

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

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

Significant unusual transactions

The District performed a thorough reconciliation of invoices of its third party health insurance administrator and found a discrepancy in the amount billed for active and retired employees. The District identified \$7,264,235 paid for by the Internal Service Fund for retirees for the period January 2019 through December 2021 and transferred that amount from the OPEB Fund to the Internal Service Fund to reimburse it for those expenses.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

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

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

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 19, 2023.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Required supplementary information

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

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparation has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 19, 2023.

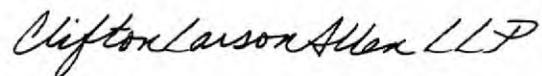
With respect to the individual fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 19, 2023.

Other information included in annual reports

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

* * *

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



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 19, 2023

**THE METROPOLITAN DISTRICT
FEDERAL SINGLE AUDIT REPORT
DECEMBER 31, 2022**



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**THE METROPOLITAN DISTRICT
FEDERAL SINGLE AUDIT REPORT
DECEMBER 31, 2022
TABLE OF CONTENTS**

Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1-3
Schedule of Expenditures of Federal Awards	4
Notes to Schedule of Expenditures of Federal Awards	5
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Schedule of Findings and Questioned Costs	8



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Metropolitan District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on The Metropolitan District's major federal program for the year ended December 31, 2022. The Metropolitan District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Metropolitan District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Board of Directors
The Metropolitan District

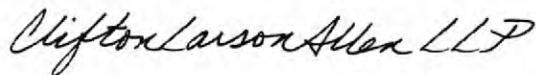
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements. We have issued our report thereon, dated May 19, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 19, 2023

**THE METROPOLITAN DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Awarding Agency/ Pass-Through Grantor/ Pass-Through Identification Number	Federal Assistance Listing Number	Pass-Through Grantor's Number/ Project Number	Loan Proceeds	Grant Expenditures	Total Expenditures	Expenditures to Subrecipients
Environmental Protection Agency						
<i>Passed Through the State of Connecticut Department of Energy and Environmental Protection:</i>						
Capitalization Grants for Clean Water State Revolving Funds						
CWF#692-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 9,495,225	\$ 7,768,820	\$ 17,264,045	\$ -
CWF#729-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	6,619,827	4,872,928	11,492,755	-
CWF#719-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	2,034,339	508,585	2,542,924	-
CWF#683-D	66.458	21014-DEP43720-40001/21015-DEP43720-42318	730,606	730,606	1,461,212	-
CWF#728-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	6,109,584	5,639,616	11,749,200	-
Total clean water fund state revolving funds			24,989,581	19,520,555	44,510,136	-
<i>Passed Through the State of Connecticut Department of Public Health:</i>						
Capitalization Grants for Drinking Water State Revolving Funds						
DWSRF #2021-7092	66.468	12060-DPH48770-22467/21018-DPH48770-42319	191,835	2,067	193,902	-
DWSRF #2021-7093	66.468	12060-DPH48770-22467/21018-DPH48770-42319	280,141	15,179	295,320	-
DWSRF #2022-7102	66.468	12060-DPH48770-22467/21018-DPH48770-42319	2,111,275	452,437	2,563,712	-
Total drinking water fund state revolving funds			2,583,251	469,683	3,052,934	-
Total Federal Awards Expended				\$ 47,563,070	\$ -	\$ -

The accompanying notes are an integral part of this schedule

**THE METROPOLITAN DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Metropolitan District, under programs of the federal government for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

Basis of Accounting

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

2. INDIRECT COST RECOVERY

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

3. CLEAN WATER AND DRINKING WATER LOAN BALANCES

	<u>Clean Water Loans</u>	<u>Drinking Water Loans</u>
Loans payable at January 1, 2022	\$ 435,416,291	\$ 56,789,941
Loan proceeds	24,989,581	2,583,250
Loan repayments	<u>27,254,642</u>	<u>3,562,252</u>
Loans Payable at December 31, 2022	<u>\$ 433,151,230</u>	<u>\$ 55,810,939</u>



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

Board of Finance
The Metropolitan District
Hartford, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements, and have issued our report thereon dated May 19, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

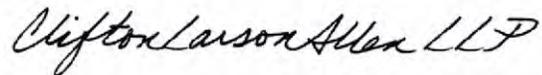
Board of Directors
The Metropolitan District

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 19, 2023

**THE METROPOLITAN DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes _____ X no
- Significant deficiency(ies) identified? _____ yes _____ X none reported
- Noncompliance material to financial statements noted? _____ yes _____ X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes _____ X no
- Significant deficiency(ies) identified? _____ yes _____ X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes _____ X no

Major programs:

Assistance Listing Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$1,426,892

Auditee qualified as low-risk auditee? _____ yes _____ X no

II. FINANCIAL STATEMENT FINDINGS

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

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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

**THE METROPOLITAN
DISTRICT**

Hartford County
Hartford, Connecticut

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**



Year Ended December 31, 2022

**THE METROPOLITAN
DISTRICT**

**Hartford County
Hartford, Connecticut**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Year Ended December 31, 2022

Finance Department

**THE METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL		I
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING		VII
ORGANIZATION CHART		VIII
THE DISTRICT BOARD		IX
DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP		XII
BOARD OF FINANCE		XIII

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		5

BASIC FINANCIAL STATEMENTS

EXHIBITS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	I	20
STATEMENT OF ACTIVITIES	II	21

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BALANCE SHEET	III	22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	24

PROPRIETARY FUNDS

STATEMENT OF NET POSITION	V	26
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	VI	27
STATEMENT OF CASH FLOWS	VII	28

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION	VIII	30
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	IX	31

NOTES TO FINANCIAL STATEMENTS		32
-------------------------------	--	----

**THE METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	RSI-1	80
--	-------	----

MDERS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	RSI-2	83
--	-------	----

SCHEDULE OF CONTRIBUTIONS	RSI-3	84
---------------------------	-------	----

SCHEDULE OF INVESTMENT RETURNS	RSI-4	85
--------------------------------	-------	----

RETIREE HEALTH PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	RSI-5	86
---	-------	----

SCHEDULE OF CONTRIBUTIONS	RSI-6	87
---------------------------	-------	----

SCHEDULE OF INVESTMENT RETURNS	RSI-7	88
--------------------------------	-------	----

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND

SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE – CONNECTION CHARGE PROJECTS	A-1	90
---	-----	----

SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE – FLAT RATE PROJECTS	A-2	91
---	-----	----

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	B-1	92
--	-----	----

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	B-2	93
---	-----	----

**THE METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

STATISTICAL SECTION

	TABLES	
FINANCIAL TRENDS		
NET POSITION BY COMPONENT	1	96
CHANGES IN NET POSITION	2	97
FUND BALANCES OF GOVERNMENTAL FUNDS	3	99
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	4	100
REVENUE CAPACITY		
DISTRIBUTION OF ANNUAL TAX LEVY	5	101
DEBT CAPACITY		
RATIOS OF OUTSTANDING DEBT BY TYPE	6	102
LEGAL DEBT MARGIN INFORMATION	7	103
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN	8	104
DEMOGRAPHIC AND ECONOMIC INFORMATION		
DEMOGRAPHIC AND ECONOMIC STATISTICS	9	105
OPERATING INFORMATION		
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	10	106
WATER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	11	107
SEWER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	12	108

INTRODUCTORY SECTION



The Metropolitan District
water supply · environmental services · geographic information

May 19, 2023

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

Dear Chairman DiBella, Commissioners and Citizen Members:

State law requires that every governmental unit publish, within six months of the close of each fiscal year, a complete set of audited financial statements conforming to generally accepted accounting principles (GAAP) for governmental units, as audited by an independent firm of licensed public accountants. We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of The Metropolitan District (hereafter, "the District" or "the MDC") for fiscal year end December 31, 2022.

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

CliftonLarsonAllen, LLP ("CLA, LLP"), licensed certified public accountants, has issued an unmodified ("clean") opinion of the District's financial statements for fiscal year end December 31, 2022. The independent accountant's report is located in the front of the financial statement section of this report.

The MDC's fiscal year 2022 audit includes an audit of all federal grants in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which provides, in part, that state and local governments expending more than \$750,000 in federal financial assistance must have a single audit for the fiscal year. The single audit is in lieu of any financial and compliance audits required by any federal agency.

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

Description of the District

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

The District Board

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

Powers and Responsibilities of the District Board

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

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

Consumer Advocate

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

Administration

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

Local Economy

The Member Municipalities of the MDC are a mixture of urban and suburban communities with an aggregate population of 364,371 people and median household incomes ranging from \$37,477 to \$111,997, according to 2021 Census data. These diverse municipalities comprise a strong and stable service area as evidenced by a 10-year growth of 21.1% in the combined municipalities’ grand lists from 2012 to 2022. The combined grand lists not only reflect single family residences and multifamily housing units, but also include major industries such as manufacturers of technology products, building systems and aerospace industries, hospitals, universities, utilities and several financial institutions and insurance companies.

Economic conditions generally affecting the State of Connecticut impact the District’s Member Municipalities, particularly employment opportunities for area residents. Within the last decade ending 2022, the State of Connecticut has had seasonally adjusted annual unemployment rates higher than the United States in six of the ten years, with slightly lower rates in 2016, 2018, 2019, and 2020. For the District’s fiscal year 2022, the State of Connecticut had an average annual unemployment rate of 4.2% compared to the United States’ rate of 3.6%.

The Member Municipalities, for the most part, have retained their strong financial positions. Seven of the eight Member Municipalities have S&P ratings that are AA or higher and represent 73.8% of the 2023 ad valorem taxes due from Member Municipalities to the MDC. The outliers are West Hartford (22.7%) and Windsor (8.9%) both with AAA ratings and Hartford (26.2%) with a BBB rating with a positive outlook.

In response to a prolonged period of fiscal distress, the City of Hartford entered into a Contract Assistance Agreement with the State of Connecticut in March 2018 whereby the State agreed to make the City’s \$543 million general fund debt service payments in exchange for the City’s agreement to state oversight under the Municipal Accountability Review Board (MARB), established under Public Act 17-2. The City is now required to secure approvals of the State and/or the MARB of annual budgets, debt issuances, and significant contracts, as well as submit five-year financial recovery plan. In response to the Contract Assistance Agreement and increased economic activity, the City of Hartford’s underlying bond rating has increased steadily to BBB with a positive outlook from S&P.

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

Fiscal Responsibility, Strategic Outlook and Long-Term Financial Planning

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

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

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

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

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

The MDC maintains a positive unassigned fund balance in its general fund (32.3% of total general fund revenues). In August 2019, the District Board adopted a formal policy which seeks to maintain an unassigned general fund balance between 30% and 35% of total general fund revenues. Through prudent planning and funding, the Metropolitan District Employee's Retirement System (MDERS), under GASB 67, has a plan fiduciary net position as a percentage of total pension liability of 70.2% as of December 31, 2022. Collectively, these measurements illustrate the financial strength of the District.

The District's Charter limits the amount of general obligation debt it may issue to 5.0% of the combined grand lists of its member towns, which is \$29.3 billion for their 2022 grand lists. The current debt limitation for the District is \$1.5 billion of which the District has \$0.8 billion outstanding leaving an available balance of \$0.7 billion. The District will continue to meet its significant operational and capital obligations while maintaining one of the region's lowest water and sewer rate structures.

Major Initiative: Evolution of the Clean Water Project

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

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

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

The concept and guidelines for Integrated Planning were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues coupled with the ongoing obligation to maintain its existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems.

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

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement (COA) for Excellence in Financial Reporting to the MDC for its fiscal year ended December 31, 2021 ACFR. The District has received this award 28 times and is confident that this current ACFR continues to meet the rigorous standards of the COA program. This prestigious award is conferred upon government entities who publish an easily readable and efficiently organized ACFR that satisfies all GAAP and applicable legal reporting requirements and is valid for one year.

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

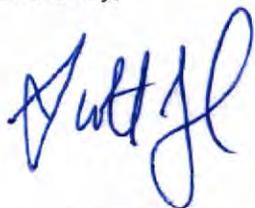
The District remains committed to the efficient fulfillment of its core mission of providing our customers with safe, pure drinking water, environmentally protective wastewater collection and treatment and other services that benefit its member towns.

Conclusion

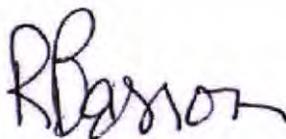
We demonstrate our commitment to our customers, member towns, stakeholders, and investors by our fiscally and environmentally responsible actions. We pride ourselves in knowing that our customers enjoy the highest quality drinking water in the region at a cost that is consistently lower than any public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

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

Sincerely,



Scott W. Jellison
Chief Executive Officer



Robert Barron
Director of Finance / Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The Metropolitan District
Connecticut**

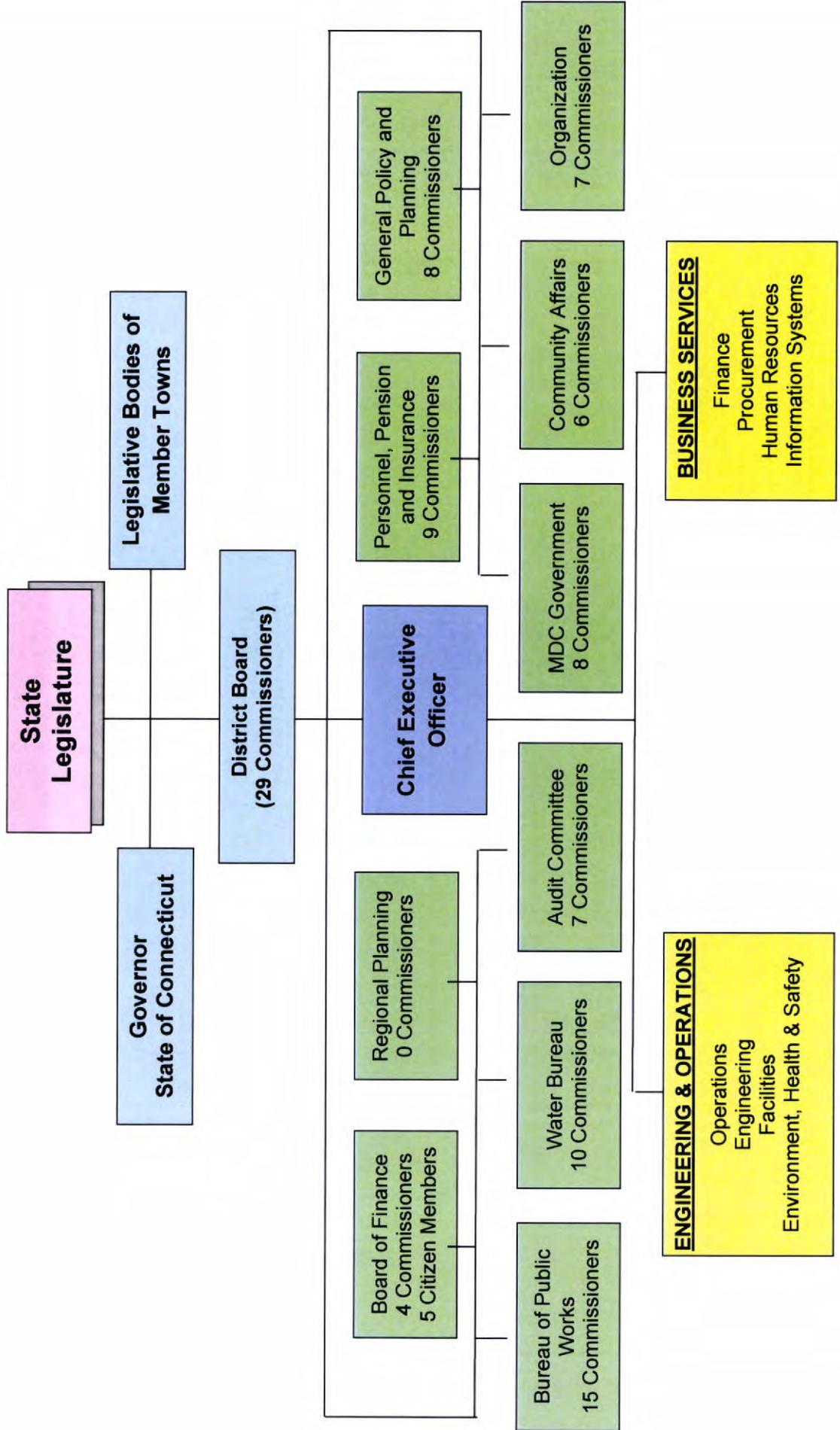
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

The Metropolitan District
Hartford County
Organization Chart



**THE METROPOLITAN DISTRICT
THE DISTRICT BOARD**

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees
William A. DiBella, Chairman	Consultant	Hartford	12-31-2026	Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees except Ethics Advisory Committee. Regular Member (Not Ex-Officio) of Committee on Technology
Maureen Magnan, Vice Chairman	Deputy Commission, CT Department of Consumer Protection	West Hartford	12-31-2026	Bureau of Public Works, General Policy and Planning, Committee on MDC Government, Personnel, Pension & Insurance Committee, Community Affairs Committee, Personnel, Pension & Insurance Investment Subcommittee
Andrew Adil	Investment Advisor	Wethersfield	12-31-2024	Bureau of Public Works, Water Bureau, Board of Finance, Strategic Planning Committee, Riverfront Recapture Subcommittee, Water Bureau Subcommittee on Customer Base
John Avedisian	Operations Manager/Aero space Metallurgical Lab	Windsor	12-31-2022	Bureau of Public Works, Committee on MDC Government, Personnel, Pension and Insurance Committee, Strategic Planning Committee
John Bazzano		Hartford	12-31-2028	
Clifford Avery Buell	Investment Advisor	Hartford	12-31-2028	Water Bureau, Committee on MDC Government, Committee on Organization, Community Affairs Committee, Water Bureau Subcommittee on Customer Base
Richard Bush	Self- Employed/ Real Estate Investment and Property Management	West Hartford	12-31-2022	Bureau of Public Works, Strategic Planning Committee
Donald Currey	Retired	East Hartford	12-31-2024	Bureau of Public Works, General Policy & Planning, Board of Finance, Committee on Organization, Personnel, Pension and Insurance Committee, Audit Committee, Riverfront Recapture Subcommittee
Dimple Desai	Director/ Planning & Zoning	Rocky Hill	12-31-2024	

David Drake	Professional Engineer	Wethersfield	12-32-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and Insurance Committee, Committee on Technology
John Gale	Attorney	Hartford	12-31-2026	
Peter Gardow	Engineer	Legislative Appointee	12-31-2026	Water Bureau, Committee on MDC Government, Committee on Organization, Audit Committee
Joan Gentile	Retired/Business Lawyer	East Hartford	12-31-2028	Bureau of Public Works, Strategic Planning Committee, Committee on Technology, Ethics Advisory Committee (Alternate)
James Healy	Attorney	West Hartford	12-31-2024	Bureau of Public Works, Committee on MDC Government, Strategic Planning Committee
Allen Hoffman	Retired	Legislative Appointee	12-31-2024	Bureau of Public Works, Board of Finance, Committee on MDC Government, Committee on Organization, Audit Committee, Strategic Planning Committee, Riverfront Recapture Subcommittee, Ethics Advisory Committee (Alternate)
Christian Hoheb	Attorney	Farmington	12-31-2026	District Board Only
Georgiana E. Holloway	Retired	Hartford	12-31-2026	Water Bureau, General Policy and Planning, Community Affairs Committee, Committee on MDC Government
Mary LaChance	Senior Information Services Director	Glastonbury	12-31-2025	District Board Only
Byron Lester	Retired	Bloomfield	12-31-2024	Bureau of Public Works, Personnel, Pension & Insurance Committee
Diane Lewis	Case Manager of Jobs Funnel / Best Chance Programs	Hartford	12-31-2024	Water Bureau, Community Affairs Committee, Audit Committee, Ethics Advisory Committee
Jackie Gorsky Mandyck	Executive Director	West Hartford	12-31-2024	Water Bureau, Committee on Organization, Community Affairs Committee, Audit Committee, Strategic Planning Committee
Michael Maniscalco	Town Manager	South Windsor	12-31-2024	District Board Only

Dominic Pane	Self-Employed / Owner	Newington	12-31-2022	Bureau of Public Works, Water Bureau, General Policy & Planning, Personnel, Pension and Insurance Committee, Audit Committee, Strategic Planning Committee, Water Bureau Subcommittee on Customer Base, Personnel, Pension & Insurance Investment Subcommittee
Bhupen Patel	Retired	Newington	12-31-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and Insurance Committee, Personnel, Pension and Insurance Investment Subcommittee, Ethics Advisory Committee
Jon Petoskey		East Hartford	12-31-2020*	Water Bureau, Strategic Planning Committee
Pasquale J. Salemi	Retired	East Hartford	12-31-2028	Water Bureau, Board of Finance, Personnel, Pension & Insurance Committee, Riverfront Recapture Subcommittee, Committee on Technology
Alvin E. Taylor	Retired	Legislative Appointee	12-31-2028	Bureau of Public Works, Water Bureau, General Policy & Planning, Committee on MDC Government, Committee on Organization, Personnel, Pension & Insurance Committee, Community Affairs Committee, Audit Committee, Strategic Planning Committee, Personnel, Pension and Insurance Investment Subcommittee, Committee on Technology, Water Bureau Subcommittee on Customer Base
Calixto Torres	Retired	Hartford	12-31-2028	Bureau of Public Works, Strategic Planning Committee
James Woulfe	Insurance Executive	Hartford	12-31-2024	Bureau of Public Works, General Policy & Planning, Committee on Organization, Strategic Planning Committee, Ethics Advisory Committee
Michael Carrier	Attorney	Representative from New Britain	12-31-2010*	Ex-Officio Member of the Water Bureau of District Board

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

THE METROPOLITAN DISTRICT
HARTFORD COUNTY
DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP
AS OF DECEMBER 31, 2022*

	Total Commissioners	Appointed By		
		Municipality	Governor	Legislature
Hartford	8	6	2	
East Hartford	4	3	1	
West Hartford	4	3	1	
Windsor	1	1		
Bloomfield	1	1		
Wethersfield	2	1		
Newington	2	1	1	
Rocky Hill	1	1		
East Granby	0			
Farmington	1	1		
Glastonbury	1	1		
South Windsor	1	1		
Legislative Appointment	3			3
	<u>29</u>	<u>20</u>	<u>5</u>	<u>4</u>

* One Windsor Commissioner appointed by the Governor, One Hartford Commissioner appointed by the Governor, One Legislative Commissioner appointed by the House Speaker, and one East Granby Commissioner appointed by the municipality are vacant as of 12/31/2022.

THE METROPOLITAN DISTRICT

HARTFORD COUNTY
BOARD OF FINANCE

	Term <u>Expires</u>
William A. DiBella (Ex-Officio)	12-31-2026
Andrew Adil	12-31-2024
Donald Currey	12-31-2024
Allen Hoffman	12-31-2024
Pasquale J. Salemi	12-31-2028
Drew Lacovazzi	12-31-2023
Linda A. King-Corbin	12-31-2023
Nick Lebron	12-31-2023
Linda Russo	12-31-2023
Awet Tsegai	12-31-2023

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Metropolitan District's basic financial statements. The combining financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

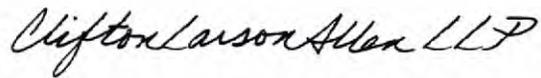
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover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

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

Board of Finance
The Metropolitan District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023 on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Metropolitan District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 19, 2023

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

This discussion and analysis of the Metropolitan District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2022. Please read it in conjunction with the transmittal letter (beginning on page i-vi), basic financial statements (beginning on page 20), and notes to the financial statements (beginning on page 32).

FINANCIAL HIGHLIGHTS

Government-wide financials

- Total net position of the District at the close of fiscal year 2022 is \$1.177 billion. Of this amount, negative \$72.7 million is unrestricted. The negative unrestricted balance is due to long-term liabilities related to pension and other post-employment benefits (OPEB).
- Total net position increased \$115.6 million or 10.9% over the prior fiscal year, \$76.5 million in governmental activities and \$39.1 million in business-type activities.
 - Capital assets increased \$78.6 million overall, \$54.3 million in governmental activities and \$24.3 million in business-type activities. These increases are due primarily to construction work in progress, or CIP.
 - ▲ The governmental activities CIP is driven primarily by Clean Water projects totaling \$41.5 million, and
 - ▲ The business-type activities CIP is driven primarily by Wickham Hill Area Water Main Replacement, \$5.3 million; Assessable Water Main Replacements, \$4.1 million; Newington Road Water Main Replacements, \$3.5 million; New Park Avenue Water Main Replacement, \$3.2 million; and Bishop's Corner Water Main Replacement, \$2.9 million.
 - Cash, receivables and other assets increased by \$33.0 million overall, \$21.4 in governmental activities and \$11.6 in business-type activities.
 - Current and long-term liabilities increased by \$24.8 million overall.
 - ▲ Governmental activities increased its liabilities by a net \$11.2 million. This increase was driven by increases of \$9.5 million in current and \$1.7 million in long-term liabilities.
 - ▲ Business-type activities increased its liabilities by net \$13.6 million. This increase was driven by increases of \$3.9 million in current and \$9.7 million in long-term liabilities.
 - Net deferrals increased by \$28.8 million, driven primarily by pension, as follows:
 - ▲ Pension net deferral increased by \$44.9 million, comprised of a \$17.1 million increase in deferred outflows and an \$27.8 million decrease in deferred inflows.
 - ▲ Change of refunding net deferral increased by \$0.1 million, comprised of a \$0.3 million decrease in deferred outflows, offset by a \$0.4 million decrease in deferred inflows.
 - ▲ OPEB net deferral decreased by \$16.2, comprised of a \$6.8 million decrease in deferred outflows and a \$9.4 million increase in deferred inflows.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Fund financials

- The fund balance for the total Governmental Funds at the close of fiscal year 2022 is \$140.3 million. Of this amount, \$103.7 million is committed for Clean Water and Capital projects, \$29.1 is unassigned in the General Fund, \$2.7 million is restricted for Debt Service and \$4.7 million is non-spendable inventory and pre-paid items in the General Fund.
- The \$29.1 million unassigned fund balance in the General fund is 32.3% of the \$90.1 million total General fund revenues. The District's fund balance policy targets a range of 30-35% for this ratio.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three major components along with other supplementary information.

Government-Wide Financial Statements (pages 20-21). The government-wide financial statements present the financial picture of the District from the economic resources measurement focus, using the accrual basis of accounting, which is similar to that used by private-sector companies.

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

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

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

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

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

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Fund Financial Statements (pages 22-31). Is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds -- The District maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, the Clean Water Project Fund and the Capital Project Fund, which are designated major funds.

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

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

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

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

Notes to the Financial Statements (pages 32-78). The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Required supplementary information (RSI) (pages 80-88). General Fund budget to actual schedules are not part of the basic financial statement. Information about the District's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Combining Statements and Schedules ((pages 90-93). This section includes information on the Assessable Sewer Construction capital projects fund along with combining statements of fiduciary net position for pension and OPEB trust funds.

Statistical Section (pages 96-108). This section includes financial trends; revenue and debt capacity analyses; demographic, economic and operating information.

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

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

Financial Position

Net position, over time, is a useful indicator of a government's financial position and an important determinant of its ability to provide services in the future. In 2022 the District's assets exceeded liabilities by a total \$1.177 billion, \$938 million from Governmental Activities and \$239 million from Business-Type Activities.

The following table shows a summary of the Statement of Net Position for the past two years. The District's net position increased by \$115.6 million overall during the fiscal year or 10.9%.

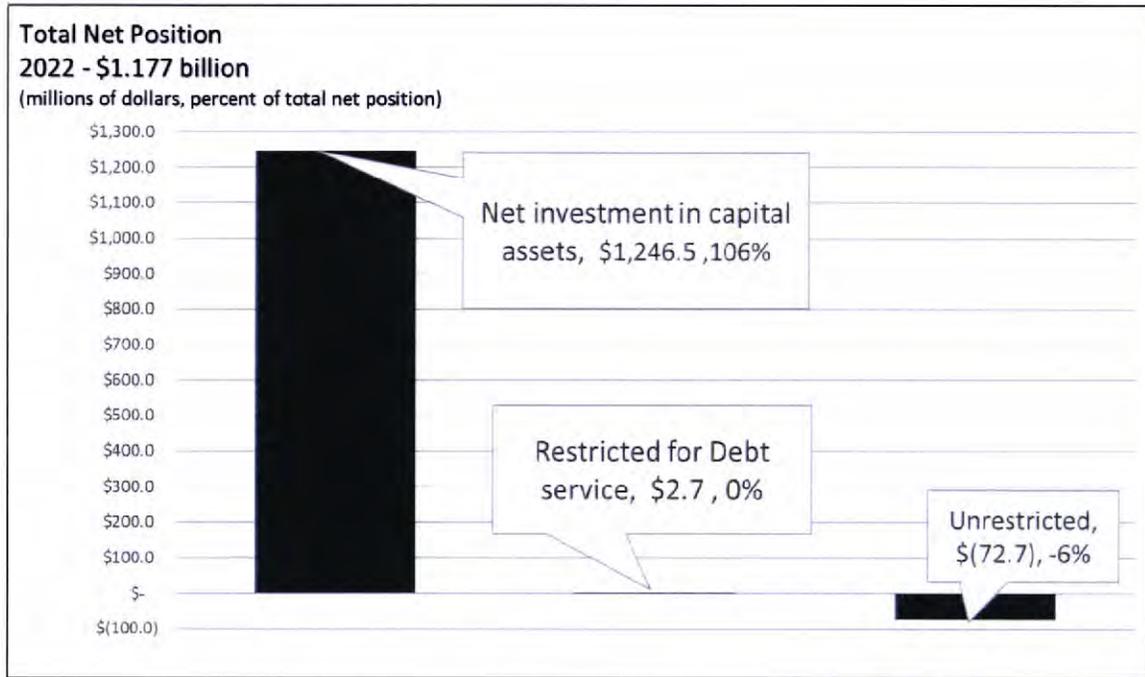
Statement of Net Position as of December 31st

	2022			2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and Other Assets	\$ 198,827,787	\$ 124,303,441	\$ 323,131,228	\$ 177,461,348	\$ 112,688,483	\$ 290,149,831
Capital Assets, Net of Accumulated Depreciation	2,091,607,357	704,430,969	2,796,038,326	2,037,295,563	680,083,154	2,717,378,717
Total Assets	2,290,435,144	828,734,410	3,119,169,554	2,214,756,911	792,771,637	3,007,528,548
Deferred Outflows of Resources	27,381,255	35,728,325	63,109,580	23,040,774	30,101,961	53,142,735
Current Liabilities	44,271,534	18,484,941	62,756,475	34,747,343	14,560,520	49,307,863
Long-Term Liabilities Outstanding	1,269,660,200	522,683,827	1,792,344,027	1,267,981,027	512,978,513	1,780,959,540
Total Liabilities	1,313,931,734	541,168,768	1,855,100,502	1,302,728,370	527,539,033	1,830,267,403
Deferred Inflows of Resources	65,816,562	84,751,599	150,568,161	73,496,973	95,870,745	169,367,718
Net Position:						
Net Investment in Capital Assets	924,116,642	322,397,283	1,246,513,925	884,236,060	307,558,127	1,191,794,187
Restricted	2,747,931	-	2,747,931	5,200,545	-	5,200,545
Unrestricted	11,203,530	(83,854,915)	(72,651,385)	(27,864,263)	(108,094,307)	(135,958,570)
Total Net Position	\$ 938,068,103	\$ 238,542,368	\$ 1,176,610,471	\$ 861,572,342	\$ 199,463,820	\$ 1,061,036,162

See the Statement of Net Position (page 20) for more detailed information.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

By far, the largest portion of the District's assets in 2022 is its \$2.8 billion investment in capital assets (land, infrastructure, plants, machinery and equipment). Resources required to repay debt must be provided from other than the District's investment in capital assets, since the capital assets themselves cannot be used to liquidate these liabilities.



Governmental Activities. The net position of governmental activities increased \$76.5 million or 8.9% from the prior year. The Statement of Net Position shows increases of \$54.3 in capital assets, \$6.2 million in cash and receivables, a net \$15.2 million in other assets, and \$12.0 million in net deferrals offset by a net increase of \$11.2 million in current and long-term liabilities.

Business-Type Activities. The net position of business-type activities increased \$39.1 million or 19.6% from the prior year. The Statement of Net Position shows increases of \$24.4 in capital assets, \$24.5 million in cash and receivables, and \$16.7 million increase in net deferrals, offset by a \$12.9 million decrease in other assets and a \$13.6 million net increase in current and long-term liabilities.

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

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Results of Operations

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

Statement of Activities as of December 31st

	2022			2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
Program Revenues:						
Charges for Services	\$ 89,065,815	\$ 106,384,553	\$ 195,450,368	\$ 82,889,800	\$ 102,216,273	\$ 185,106,073
Operating Grants and Contributions	10,560,612		10,560,612	12,406,369	-	12,406,369
Capital Grants and Contributions	19,011,971	5,761,906	24,773,877	24,472,158	5,828,453	30,300,611
General Revenues:						
Sewer Taxation - Member Municipalities	53,076,600		53,076,600	51,475,700	-	51,475,700
Unrestricted Investment Earnings	1,777,656	1,808,784	3,586,440	125,549	66,139	191,688
Miscellaneous Income	217,408	1,435,520	1,652,928	-	1,149,683	1,149,683
Total Revenues	<u>173,710,062</u>	<u>115,390,763</u>	<u>289,100,825</u>	<u>171,369,576</u>	<u>109,260,548</u>	<u>280,630,124</u>
EXPENSES						
General Government Operations	6,992,276	-	6,992,276	9,274,700	-	9,274,700
Plants and Maintenance	17,847,612	-	17,847,612	20,309,768	-	20,309,768
Interest on Long-Term Debt	43,551,515	-	43,551,515	49,002,317	-	49,002,317
Water	28,822,898	-	28,822,898	23,827,057	-	23,827,057
Hydroelectricity	-	76,055,085	76,055,085	-	60,552,012	60,552,012
Total Expenses	<u>97,214,301</u>	<u>76,312,215</u>	<u>173,526,516</u>	<u>102,413,842</u>	<u>60,841,607</u>	<u>163,255,449</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS						
	76,495,761	39,078,548	115,574,309	68,955,734	48,418,941	117,374,675
TRANSFERS						
	-	-	-	-	-	-
NET CHANGE IN NET POSITION						
	76,495,761	39,078,548	115,574,309	68,955,734	48,418,941	117,374,675
Net Position - Beginning of Year	861,572,342	199,463,820	1,061,036,162	792,616,608	151,044,879	943,661,487
NET POSITION - END OF YEAR						
	<u>\$ 938,068,103</u>	<u>\$ 238,542,368</u>	<u>\$ 1,176,610,471</u>	<u>\$ 861,572,342</u>	<u>\$ 199,463,820</u>	<u>\$ 1,061,036,162</u>

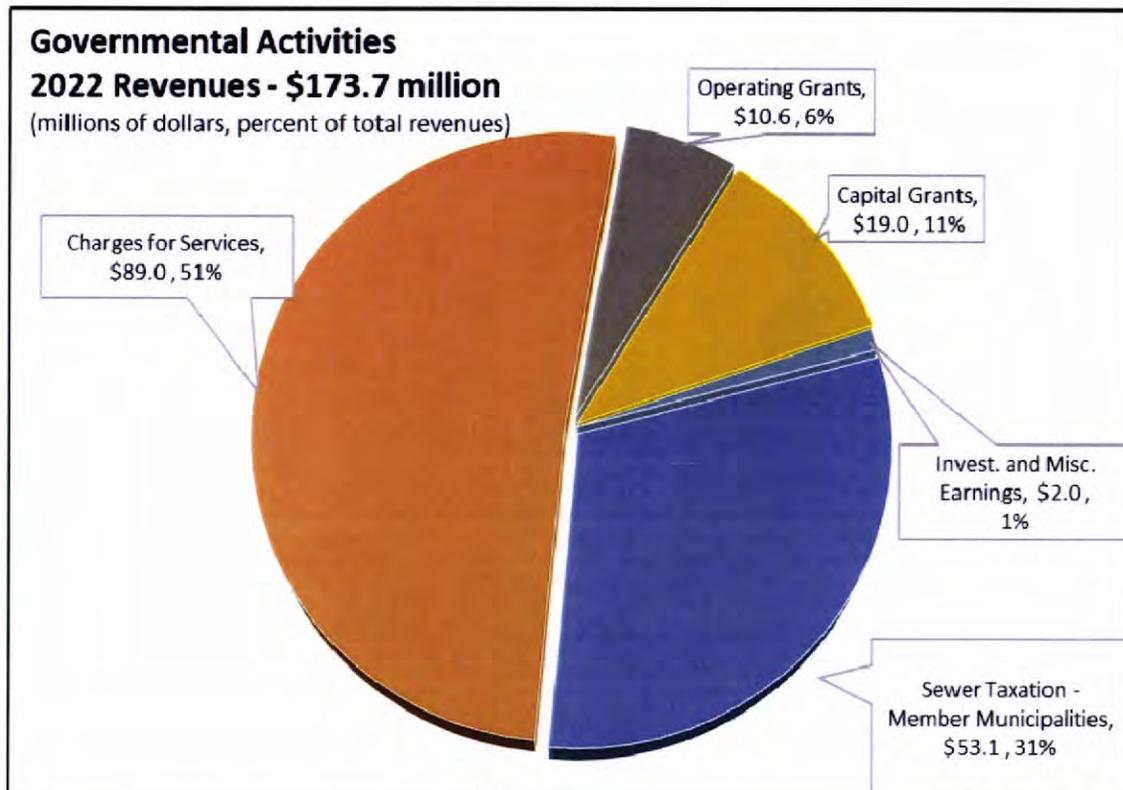
See the Statement of Activities (page 21) for more detailed information.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Governmental Activities

Revenues – increasing by \$2.3 million or 1.4% from \$171.4 million to \$173.7 million:

- An increase of \$6.1 million for Charges for Services due to an additional \$4.1 million in increased sewer user fees and \$2.0 million in Clean Water Project Charge (CWPC) revenue. The CWPC rate did not increase in 2022, remaining at \$4.10/CCF; however, billed consumption increased a half a million CCFs.
- An increase of \$1.9 million due to increases of \$1.7 million of unrestricted investment earnings and \$0.2 million in other miscellaneous income. Higher average daily balances and interest rates drove the higher investment earnings, as follows: 2022 averaged a daily interest rate of 1.22% and daily balance of \$146.1 million, whereas, 2021 averaged a daily interest rate of 0.10% and daily balance of \$130.8 million.
- An increase of \$1.6 million of Sewer Taxation to member municipalities or 3.1%. This tax levied on member towns represented 30.6% of the total governmental activity revenues in 2022, up slightly from 30.0% in 2021.
- A decrease of \$7.3 million in operating and capital grants due to \$1.8 million less operating grants and \$5.5 million less capital grants received in 2022 than in 2021.

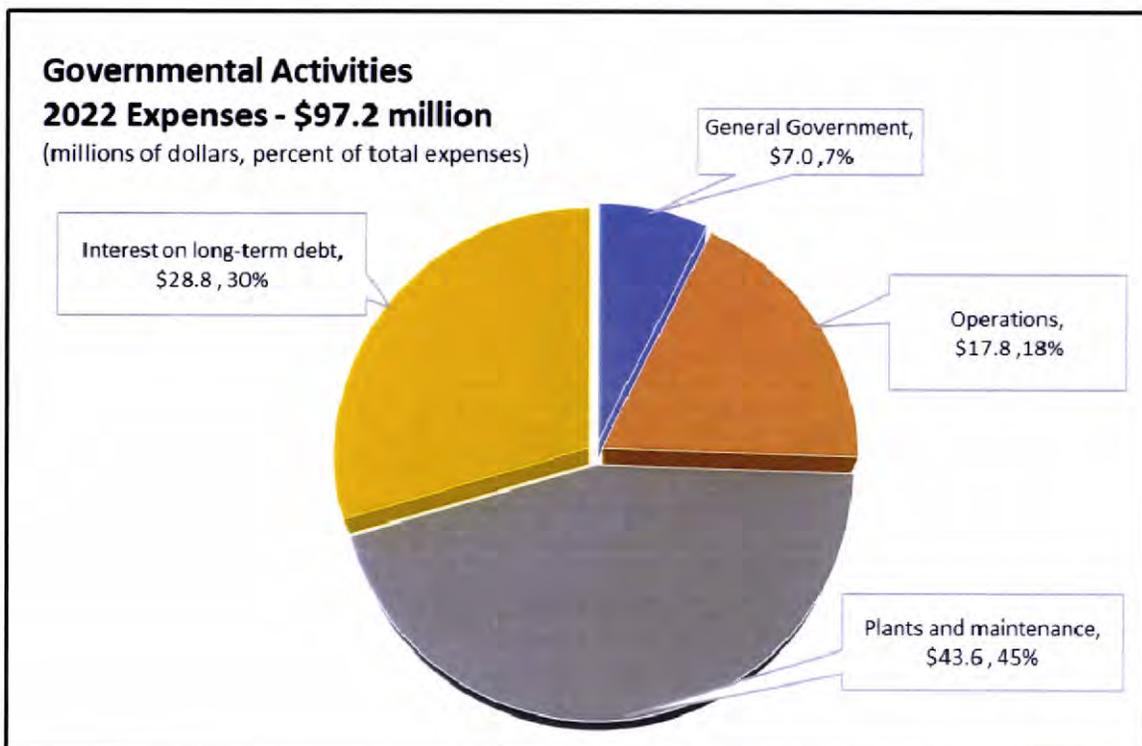


**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Expenses – decreased \$5.2 million or 5.1% from \$102.4 million to \$97.2 million:

- Plants and Maintenance decreased by \$5.4 million due to a \$6.3 million allocation of surplus from the Internal Service fund decreasing expenses. This decrease was offset by an expenditure increase of \$0.9 million from Water Pollution Control.
- Operations decreased by \$2.5 million due to \$3.5 million of expense allocation from the Internal Service fund decreasing expenses. This decrease was offset by an expenditure increase of \$1.0 million due to Customer Service expense being moved from General Government to Operations function.
- General Government decreased by \$2.3 million due to a \$4.8 million allocation of surplus from the Internal Service Fund decreasing expenses. This decrease was offset by a net expenditure increases of \$2.5 million several expense categories including the above transfer of Customer Service expense to Operations.
- Interest on long-term debt increased by \$5.0 million in 2022, due primarily to the accounting change of amortizing bond discounts and premiums from the Straight-line to the Effective Interest method last year.

Note - A total of \$14.6 million worth of Internal Service fund surpluses (Business-type Activities) have been allocated to Governmental Activities decreasing expenses in General Government, Operations, and Plants and Maintenance functional areas. Without this adjustment, the expenses for Governmental Activities would have totaled \$111.8 million (\$97.2 million + \$14.6 million) a \$9.4 million or 9.1% increase over 2021's expense total of \$102.4 million.

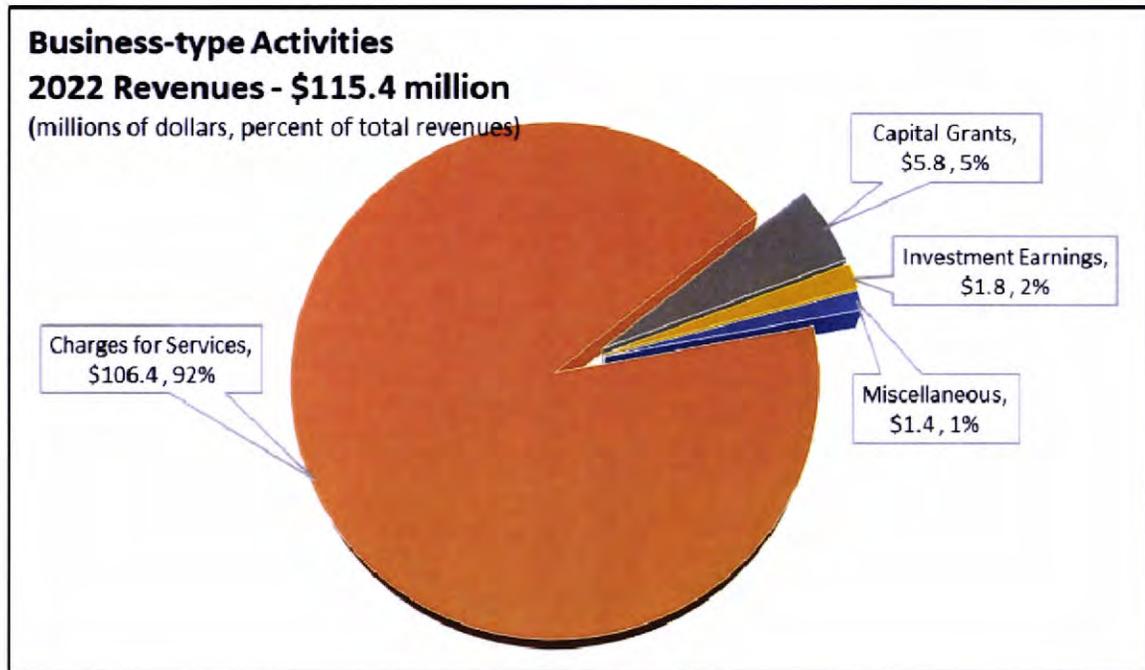


**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Business-Type Activities

Revenues - increased by \$6.1 million or 5.6% from \$109.3 million to \$115.4 million:

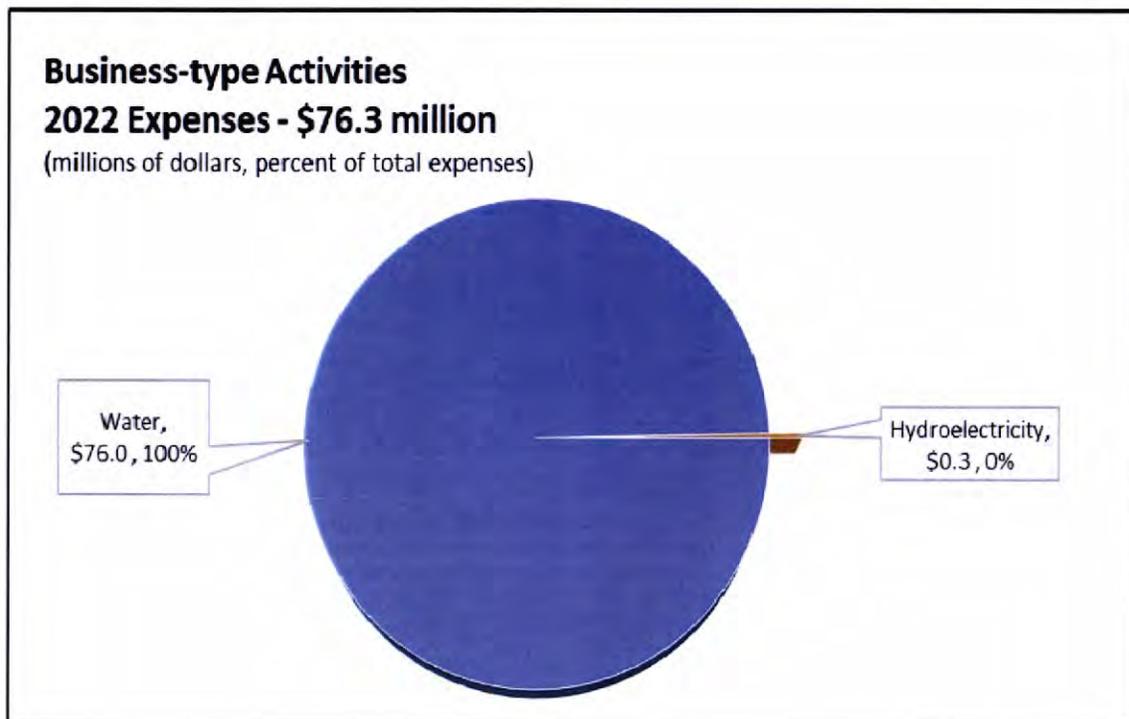
- \$4.2 million or 4.1% increase in charges for services due to \$3.7 million increase in water sales and unbilled sales accrual and \$0.5 million in miscellaneous other revenue,
- \$1.7 million increase in investment earnings due to higher earnings on deposited funds,
- \$0.3 million or 24.9% increase in miscellaneous revenue, offset by
- \$0.1 million or 1.4% decrease in capital grants.



**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Expenses – increased by \$15.5 million or 25.4% from \$60.8 million to \$76.3 million:

- The total increase in Business-type expenditures was driven by the Water Utility fund as the Hydroelectricity fund remained relatively flat. These increases included:
 - \$7.3 million increase in operating expenses due to a net \$4.0 million increase in operating expenses driven primarily by increased OPEB and pension contributions and plan liabilities, \$2.2 million in additional depreciation expense, and \$1.1 million in a first year contribution to fund severance payments to retiring employees.
 - \$4.5 million increase in interest and fiscal charges due to \$3.3 million change in year-over-year amortization of bond premium, \$1.8 million increase in bond interest, offset by a \$0.6 million decrease in net other expenses.
 - \$4.1 million increase due to a change in year-over-year transfer of Internal Service fund surplus.
 - \$0.1 million increase in miscellaneous water expenses, offset by a
 - \$0.5 million decrease in loss on disposal of assets



**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Fund Financial Statement Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the District's major governmental and proprietary funds. The financial statements of governmental funds show more detail than governmental activities in the government-wide statements, and focus on near-term inflows, outflows, and ending balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. The statements of proprietary funds show detail for each enterprise included in business-type activities, with the same focus used in government-wide reporting.

Governmental Funds

As of the end of 2022, the District's governmental funds reported a combined ending fund balance of \$140.3 million, an increase of \$2.8 million over the prior year. This combined fund balance is comprised of \$103.7 million *Committed* for future debt service expenditures in the Clean Water Project and Capital Project funds, \$29.1 million is *Unassigned* in the General Fund, \$2.8 million is *Restricted* in the Debt Service Fund and \$4.7 million is *Non-spendable* for inventory and prepaid items in the General Fund.

The General Fund is the wastewater (sewer) operating fund for the District. At the end of 2022, the General Fund total fund balance was \$33.8 million, of which \$29.1 million is unassigned and spendable and \$4.7 million is nonspendable supplies and prepaid assets. This represents a fund balance increase of \$4.1 million or 13.8% over the prior year.

The Debt Service Fund's restricted fund balance of \$2.7 million is due to budgeted transfers from other funds greater than actual debt service paid during the year. This balance will be eliminated in 2023 as the budgeted transfers from other funds will be reduced to amounts less than anticipated debt service payments in 2023.

The Clean Water Project Fund committed fund balance of \$64.9 million decreased by \$5.8 million or 8.2% over the prior year due to a \$4.4 million increase in liabilities and a \$1.4 million decrease in assets. The liability increase was driven by an increase in accounts payable and accrued items offset by lower deferred revenue.

The Capital Project Fund committed fund balance of \$38.8 million represents unspent bonded funds raised current and future projects.

Proprietary Funds

The total net position for the Water Utility and Hydroelectric Development funds Fund at the end of 2022 was \$238.5 million, a \$39.1 million or 19.6% increase over the prior year. This increase was driven by:

- \$30.8 million increase in assets
- \$16.7 million increase in net deferrals
- \$ 4.7 million share of Internal Service fund net position, offset by a
- \$13.1 million increase in liabilities

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

General Fund Budgetary Highlights

During the 2022 budget year, revenues exceeded expenditures by \$4.7 million. Total revenues and other financing sources were below budget by \$3.6 million or 3.6% which were offset by expenditures being \$8.3 million or 8.3% less than budget.

The District's revenue budget included a \$4.7 million use of fund balance (surplus), comprised of:

- A transfers-in from fund balance of \$2.0 million to cover the groundwater remediation receivable which was offset by a \$2.0 million contingency expenditure line item designed to have no budget impact. The receipt of this payment would have reduced the member town's ad valorem billing during 2022 for the amount received. However, no payment was received by the District for this receivable during the calendar year.
- An additional \$2.7 million was a budgeted use of fund balance, none of which was necessary because revenues exceed expenditures in 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$2.8 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of \$78.7 million or 2.9%, from the prior year. Governmental capital assets increased \$54.3 million, primarily for projects' construction-in-progress and the Business-type capital assets increased \$24.4 million due to a \$50.1 million increase in infrastructure, \$10.2 million increase in machinery and equipment, and \$5.4 million increase in buildings. These increases were offset by a \$41.3 million decrease in Construction in Progress (CIP). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

**Capital Assets (net of depreciation)
As of December 31st**

	2022			2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 10,248,534	\$ 10,847,885	\$ 21,096,419	\$ 10,326,860	\$ 10,847,885	\$ 21,174,745
Buildings	285,617,362	102,269,040	387,886,402	294,342,724	96,902,760	391,245,484
Machinery and Equipment	55,320,365	39,453,895	94,774,260	47,208,059	29,292,977	76,501,036
Infrastructure	720,401,261	384,165,478	1,104,566,739	700,290,027	334,027,972	1,034,317,999
Construction in Progress	1,020,019,835	167,694,671	1,187,714,506	985,127,893	209,011,560	1,194,139,453
Total	\$ 2,091,607,357	\$ 704,430,969	\$ 2,796,038,326	\$ 2,037,295,563	\$ 680,083,154	\$ 2,717,378,717

Additional information on the District's capital assets can be found in Note 3D on pages 48-50 of this report.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Long-Term Debt

At the end of 2022, the District had \$1.8 billion in outstanding debt driven primarily by \$1.1 billion in general obligation and revenue bonded debt. The general obligation bonds are backed by a full faith and credit pledge of the District's member towns and the revenue bonds are backed by a special sewer service surcharge (a.k.a. Clean Water Project Charge). An additional \$0.5 billion of Clean Water and Drinking Water loans and \$0.2 billion of other miscellaneous debt driven primarily by pension and OPEB net liability make up the balance of the outstanding debt.

**Long-term Outstanding Debt
As of December 31st**

	2022			2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation/ Revenue bonds	\$ 741,319,368	\$ 332,568,572	\$ 1,073,887,940	\$ 736,192,628	\$ 319,358,871	\$ 1,055,551,499
Clean/Drinking Water Loans	433,151,230	55,810,939	488,962,169	435,416,291	56,789,941	492,206,232
Compensated absences	-	-	-	2,734,721	3,600,622	6,335,343
Claims and Judgments		6,813,945	6,813,945		6,391,325	6,391,325
Net Pension Liability	41,809,131	55,996,259	97,805,390	18,129,351	24,557,350	42,686,701
Net OPEB Liability	53,380,471	71,494,112	124,874,583	75,508,036	102,280,404	177,788,440
Total	\$ 1,269,660,200	\$ 522,683,827	\$ 1,792,344,027	\$ 1,267,981,027	\$ 512,978,513	\$ 1,780,959,540

In August of 2022, S&P Global Ratings raised its rating on MDC's outstanding clean water project revenue and revenue refunding bonds to 'AA' from 'AA-' and affirmed its 'AA' rating on MDC's outstanding and upcoming general obligation bonds while maintaining its stable outlook for all rated debt. Also, in August of 2022 Moody's Investor Service reaffirmed its 'Aa2' rating on outstanding clean water project revenue and its 'Aa3' rating on MDC's outstanding and upcoming general obligation bonds while maintaining its stable outlook for all rated debt.

The District Charter limits the amount of general obligation debt it may issue to 5.0% of the combined Grand List of its member towns. The current debt limitation for the District is \$1.5 billion of which the District has \$0.8 billion outstanding leaving an available balance of \$0.7 billion.

Additional information on the District's long-term debt can be found in Note 3E on pages 51-58 of this report.

Economic Factors

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

All of these factors were considered in preparing the District's 2023 year budget.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 143,045,023	\$ 113,450,973	\$ 256,495,996
Receivables, Net of Allowance for Uncollectibles	36,477,327	18,844,713	55,322,040
Due to Fiduciary Funds	-	564,136	564,136
Internal Balances	14,566,488	(14,566,488)	-
Supplies	4,142,113	4,970,054	9,112,167
Prepaid Items	596,836	1,040,053	1,636,889
Capital Assets, Nondepreciable	1,030,268,369	178,542,556	1,208,810,925
Capital Assets, Net of Accumulated Depreciation	1,061,338,988	525,888,413	1,587,227,401
Total Assets	2,290,435,144	828,734,410	3,119,169,554
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	16,822,672	22,531,123	39,353,795
Deferred Outflows - OPEB	9,408,843	12,601,553	22,010,396
Deferred Charge on Refunding	1,149,740	595,649	1,745,389
Total Deferred Outflows of Resources	27,381,255	35,728,325	63,109,580
LIABILITIES			
Accounts Payable and Accrued Items	40,817,137	14,375,489	55,192,626
Customer Advances for Construction	1,089,243	1,131,424	2,220,667
Compensated Absences	2,365,154	2,978,028	5,343,182
Noncurrent Liabilities:			
Due Within One Year	80,247,383	33,200,309	113,447,692
Due in More Than One Year	1,189,412,817	489,483,518	1,678,896,335
Total Liabilities	1,313,931,734	541,168,768	1,855,100,502
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	339,984	455,350	795,334
Deferred Inflows - OPEB	61,583,417	82,480,572	144,063,989
Deferred Charge on Refunding	3,893,161	1,815,677	5,708,838
Total Deferred Inflows of Resources	65,816,562	84,751,599	150,568,161
NET POSITION			
Net Investment in Capital Assets	924,116,642	322,397,283	1,246,513,925
Restricted for:			
Debt Service	2,747,931	-	2,747,931
Unrestricted	11,203,530	(83,854,915)	(72,651,385)
Total Net Position	\$ 938,068,103	\$ 238,542,368	\$ 1,176,610,471

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

FUNCTION/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 6,992,276	\$ -	\$ 10,052,027	\$ -	\$ 3,059,751	\$ -	\$ 3,059,751
Operations	17,847,612	83,574,020	-	-	65,726,408	-	65,726,408
Plants and Maintenance	43,551,515	5,491,795	508,585	19,011,971	(18,539,164)	-	(18,539,164)
Interest on Long-Term Debt	28,822,898	-	-	-	(28,822,898)	-	(28,822,898)
Total Governmental Activities	97,214,301	89,065,815	10,560,612	19,011,971	21,424,097	-	21,424,097
Business-Type Activities:							
Water	76,055,085	105,309,807	-	5,761,906	-	35,016,628	35,016,628
Hydroelectricity	257,130	1,074,746	-	-	-	817,616	817,616
Total Business-Type Activities	76,312,215	106,384,553	-	5,761,906	-	35,834,244	35,834,244
Total	\$ 173,526,516	\$ 195,450,368	\$ 10,560,612	\$ 24,773,877	21,424,097	35,834,244	57,258,341
GENERAL REVENUES							
Sewer Taxation - Member Municipalities					53,076,600	-	53,076,600
Miscellaneous					217,408	1,435,520	1,652,928
Unrestricted Investment Earnings					1,777,656	1,808,784	3,586,440
Total General Revenues					55,071,664	3,244,304	58,315,968
CHANGE IN NET POSITION							
Net Position - Beginning of Year					76,495,761	39,078,548	115,574,309
					861,572,342	199,463,820	1,061,036,162
NET POSITION - END OF YEAR					\$ 938,068,103	\$ 238,542,368	\$ 1,176,610,471

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 29,214,376	\$ 2,747,931	\$ 63,556,016	\$ 47,526,700	\$ 143,045,023
Receivables, Net of Allowance for Uncollectibles	6,191,192	-	27,755,795	2,530,340	36,477,327
Supplies	4,142,113	-	-	-	4,142,113
Prepaid Items	596,836	-	-	-	596,836
Total Assets	<u>\$ 40,144,517</u>	<u>\$ 2,747,931</u>	<u>\$ 91,311,811</u>	<u>\$ 50,057,040</u>	<u>\$ 184,261,299</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Items	\$ 2,069,681	\$ -	\$ 20,182,278	\$ 9,277,874	\$ 31,529,833
Customer Advances for Construction	1,089,243	-	-	-	1,089,243
Total Liabilities	<u>3,158,924</u>	<u>-</u>	<u>20,182,278</u>	<u>9,277,874</u>	<u>32,619,076</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Special Assessments	73,858	-	-	1,960,782	2,034,640
Unavailable Revenue - Sewer User Fees	3,104,216	-	6,199,648	-	9,303,864
Total Deferred Inflows of Resources	<u>3,178,074</u>	<u>-</u>	<u>6,199,648</u>	<u>1,960,782</u>	<u>11,338,504</u>
FUND BALANCES					
Nonspendable	4,738,949	-	-	-	4,738,949
Restricted	-	2,747,931	-	-	2,747,931
Committed	-	-	64,929,885	38,818,384	103,748,269
Unassigned	29,068,570	-	-	-	29,068,570
Total Fund Balances	<u>33,807,519</u>	<u>2,747,931</u>	<u>64,929,885</u>	<u>38,818,384</u>	<u>140,303,719</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,144,517</u>	<u>\$ 2,747,931</u>	<u>\$ 91,311,811</u>	<u>\$ 50,057,040</u>	<u>\$ 184,261,299</u>

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 140,303,719

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

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

Governmental Capital Assets	2,555,354,175
Less: Accumulated Depreciation	(463,746,818)
Net Capital Assets	<u>2,091,607,357</u>

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

14,566,488

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	2,034,640
Sewer Use Receivables	9,303,863
Deferred Outflows Related to Refunding	1,149,740
Deferred Outflows Related to Pension	16,822,672
Deferred Outflows Related to OPEB	9,408,843

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	(670,298,438)
Premiums	(71,020,930)
Notes Payable	(433,151,230)
Interest Payable on Long-Term Debt	(9,287,303)
Compensated Absences	(2,365,154)
Net Pension Liability	(41,809,131)
Deferred Inflows Related to Pension	(339,984)
Deferred Inflows Related to OPEB	(61,583,417)
Deferred Inflows Related to Refunding	(3,893,161)
Net OPEB Liability	<u>(53,380,471)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)

\$ 938,068,103

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
REVENUES					
Taxation - Member Municipalities	\$ 53,076,600	\$ -	\$ -	\$ -	\$ 53,076,600
Assessments	-	-	-	2,459,266	2,459,266
User Fees	21,914,777	-	61,659,243	-	83,574,020
Intergovernmental Revenues	10,052,027	-	19,261,663	508,585	29,822,275
Investment Income	513,679	-	1,263,977	-	1,777,656
Other Local Revenues	4,545,071	-	-	-	4,545,071
Total Revenues	<u>90,102,154</u>	<u>-</u>	<u>82,184,883</u>	<u>2,967,851</u>	<u>175,254,888</u>
EXPENDITURES					
Current:					
General Government	11,223,405	-	-	-	11,223,405
Operations	10,114,533	-	-	-	10,114,533
Plants and Maintenance	30,926,380	-	-	-	30,926,380
Debt Service:					
Principal Retirement	-	64,529,819	-	-	64,529,819
Interest	18,882	32,326,883	354,397	-	32,700,162
Capital Outlay	-	-	51,266,040	47,015,551	98,281,591
Total Expenditures	<u>52,283,200</u>	<u>96,856,702</u>	<u>51,620,437</u>	<u>47,015,551</u>	<u>247,775,890</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	37,818,954	(96,856,702)	30,564,446	(44,047,700)	(72,521,002)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	-	43,118,950	43,118,950
Premiums on Issuance of Bonds	-	346,738	-	6,851,860	7,198,598
Clean Water Fund Loans Issued	-	-	22,955,242	2,034,339	24,989,581
Transfers In	1,000,469	94,057,350	-	-	95,057,819
Transfers Out	(34,721,729)	-	(59,335,621)	(1,000,469)	(95,057,819)
Total Other Financing Sources (Uses)	<u>(33,721,260)</u>	<u>94,404,088</u>	<u>(36,380,379)</u>	<u>51,004,680</u>	<u>75,307,129</u>
NET CHANGE IN FUND BALANCES	4,097,694	(2,452,614)	(5,815,933)	6,956,980	2,786,127
Fund Balances - Beginning of Year	<u>29,709,825</u>	<u>5,200,545</u>	<u>70,745,818</u>	<u>31,861,404</u>	<u>137,517,592</u>
FUND BALANCES - END OF YEAR	<u>\$ 33,807,519</u>	<u>\$ 2,747,931</u>	<u>\$ 64,929,885</u>	<u>\$ 38,818,384</u>	<u>\$ 140,303,719</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ 2,786,127

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

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

Capital Outlays, Net	90,930,706
Depreciation Expense	(34,443,479)

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. (2,175,433)

Internal service funds are used by management to charge costs to individual funds. A portion of the net revenue of certain activities of internal service funds is reported with governmental activities. 14,566,488

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

Sewer Assessment Revenue	(30,245)
Sewer Use Revenue	(1,264,889)
Grant Revenue	(249,692)
Change in Deferred Outflows Related to Pension	7,360,874
Change in Deferred Outflows Related to OPEB	(2,815,487)

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

Proceeds from Clean Water Fund Loan Obligations	(24,989,581)
Proceeds from Issuance of Bonds	(43,118,950)
Premiums on Issuance of Bonds	(7,198,598)
Premiums on Issuance of Refunding Bonds	-
Bond Payments	37,275,176
Amortization of Bond Premium	7,915,632
Amortization of Deferred Charge on Refunding	81,654
Clean Water Fund Loan Payments	27,254,642
Change in Accrued Interest	(1,600,387)

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	369,567
Change in Net Pension Liability	(23,679,780)
Change in Deferred Inflows Related to Pension	11,800,822
Change in Deferred Inflows Related to OPEB	(4,406,971)
Change in Net OPEB Liability	22,127,565

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II) \$ 76,495,761

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 70,115,544	\$ 4,281,517	\$ 74,397,061	\$ 39,053,912
Accounts Receivable, Net of Allowance for Uncollectibles	18,667,617	146,183	18,813,800	30,913
Due from Other Funds	-	-	-	564,136
Supplies	4,727,338	242,716	4,970,054	-
Prepaid Items	1,040,053	-	1,040,053	-
Total Current Assets	<u>94,550,552</u>	<u>4,670,416</u>	<u>99,220,968</u>	<u>39,648,961</u>
Noncurrent Assets:				
Capital Assets, Nondepreciable	178,383,913	158,643	178,542,556	-
Capital Assets, Net of Accumulated Depreciation	521,614,369	4,274,044	525,888,413	-
Total Noncurrent Assets	<u>699,998,282</u>	<u>4,432,687</u>	<u>704,430,969</u>	<u>-</u>
Total Assets	794,548,834	9,103,103	803,651,937	39,648,961
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	22,531,123	-	22,531,123	-
Deferred Outflows - OPEB	12,601,553	-	12,601,553	-
Deferred Charge on Refunding	595,649	-	595,649	-
Total Deferred Outflows of Resources	<u>35,728,325</u>	<u>-</u>	<u>35,728,325</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	14,249,309	7,588	14,256,897	118,592
Customer Advances for Construction	1,131,424	-	1,131,424	-
Current Portion of Claims Incurred but Not Reported	-	-	-	1,254,087
Compensated Absences	2,978,028	-	2,978,028	-
Current Portion of Bonds and Loans Payable	31,946,222	-	31,946,222	-
Total Current Liabilities	<u>50,304,983</u>	<u>7,588</u>	<u>50,312,571</u>	<u>1,372,679</u>
Noncurrent Liabilities:				
Bonds and Loans Payable After One Year	356,433,289	-	356,433,289	-
Claims Incurred but Not Reported	-	-	-	5,559,858
Net Pension Liability	55,996,259	-	55,996,259	-
Net OPEB Liability	71,494,112	-	71,494,112	-
Total Noncurrent Liabilities	<u>483,923,660</u>	<u>-</u>	<u>483,923,660</u>	<u>5,559,858</u>
Total Liabilities	534,228,643	7,588	534,236,231	6,932,537
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	455,350	-	455,350	-
Deferred Inflows - OPEB	82,480,572	-	82,480,572	-
Deferred Charge on Refunding	1,815,677	-	1,815,677	-
Total Deferred Inflows of Resources	<u>84,751,599</u>	<u>-</u>	<u>84,751,599</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	317,964,859	4,432,424	322,397,283	-
Unrestricted	(106,667,942)	4,663,091	(102,004,851)	32,716,424
Total Net Position	<u>\$ 211,296,917</u>	<u>\$ 9,095,515</u>	<u>220,392,432</u>	<u>\$ 32,716,424</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			18,149,936	
Net Position of Business-Type Activities			<u>\$ 238,542,368</u>	

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			Business-Type Activities Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
OPERATING REVENUES				
Water Sales	\$ 97,188,550	\$ -	\$ 97,188,550	\$ -
Energy Sales	-	1,074,746	1,074,746	-
Operating Contributions	-	-	-	25,423,054
Other Operating	8,121,257	-	8,121,257	-
Total Operating Revenues	<u>105,309,807</u>	<u>1,074,746</u>	<u>106,384,553</u>	<u>25,423,054</u>
OPERATING EXPENSES				
General Government	10,174,825	-	10,174,825	-
Operations	13,773,595	-	13,773,595	13,449,915
Plants and Maintenance	16,498,129	-	16,498,129	-
Employee Benefits and Other	11,839,065	-	11,839,065	-
Source of Supply	-	124,198	124,198	-
Depreciation Expense	18,469,561	132,932	18,602,493	-
Total Operating Expenses	<u>70,755,175</u>	<u>257,130</u>	<u>71,012,305</u>	<u>13,449,915</u>
OPERATING INCOME (LOSS)	34,554,632	817,616	35,372,248	11,973,139
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,808,784	-	1,808,784	-
Miscellaneous Revenue	1,435,520	-	1,435,520	7,264,235
Gain (Loss) on Disposal of Assets	(208,578)	-	(208,578)	-
Interest and Fiscal Charges	(9,762,218)	-	(9,762,218)	-
Net Nonoperating Revenues (Expenses)	<u>(6,726,492)</u>	<u>-</u>	<u>(6,726,492)</u>	<u>7,264,235</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS, AND CAPITAL CONTRIBUTIONS	27,828,140	817,616	28,645,756	19,237,374
Capital Grants	469,683	-	469,683	-
Capital Contributions	5,292,223	-	5,292,223	-
CHANGE IN NET POSITION	33,590,046	817,616	34,407,662	19,237,374
Net Position - Beginning of Year	177,706,871	8,277,899	-	13,479,050
NET POSITION - END OF YEAR	<u>\$ 211,296,917</u>	<u>\$ 9,095,515</u>	-	<u>\$ 32,716,424</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			4,670,886	
Change in Net Position of Business-Type Activities			<u>\$ 39,078,548</u>	

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers, Users, and Others	\$ 104,285,166	\$ 1,031,678	\$ 105,316,844	\$ 25,392,141
Payments for Interfund Services Provided	-	-	-	(564,136)
Payments to Suppliers	(39,629,641)	(193,646)	(39,823,287)	(12,952,264)
Payments to Employees	(28,525,160)	-	(28,525,160)	-
Net Cash Provided (Used) by Operating Activities	36,130,365	838,032	36,968,397	11,875,741
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments for Interfund Services Provided	-	-	-	7,264,235
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets/Utility Plant	(40,216,077)	(64,653)	(40,280,730)	-
Proceeds from Bonds	31,261,050	-	31,261,050	-
Proceeds from Bond Premiums	5,219,552	-	5,219,552	-
Proceeds from Drinking Water Loans	2,583,250	-	2,583,250	-
Proceeds from Capital Grant	469,683	-	469,683	-
Principal Payments on Bonds	(19,049,825)	-	(19,049,825)	-
Principal Payments on Drinking Water Loans	(3,562,252)	-	(3,562,252)	-
Interest Payments on Bonds and Notes	(14,012,686)	-	(14,012,686)	-
Proceeds on Sale of Assets	2,414,071	-	2,414,071	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(34,893,234)	(64,653)	(34,957,887)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	1,808,784	-	1,808,784	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,045,915	773,379	3,819,294	19,139,976
Cash and Cash Equivalents - Beginning of Year	67,069,629	3,508,138	70,577,767	19,913,936
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 70,115,544</u>	<u>\$ 4,281,517</u>	<u>\$ 74,397,061</u>	<u>\$ 39,053,912</u>

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 34,554,632	\$ 817,616	\$ 35,372,248	\$ 11,973,139
Adjustments to Reconcile Operating Income (Loss) to Activities:				
Depreciation	18,469,561	132,932	18,602,493	-
Miscellaneous Nonoperating Revenue (Expense)	1,435,520	-	1,435,520	-
Changes in Assets, Deferred Outflows of Resources, and Liabilities:				
(Increase) Decrease in Accounts Receivable	(1,446,546)	(43,068)	(1,489,614)	(30,913)
(Increase) Decrease in Due from Other Funds	22,736	-	22,736	(564,136)
(Increase) Decrease in Supplies	(1,279,954)	(5,826)	(1,285,780)	-
(Increase) Decrease in Prepaid Items	125,528	-	125,528	-
(Increase) Decrease in Deferred Outflows of Resources Related to Pensions	(9,714,519)	-	(9,714,519)	-
(Increase) Decrease in Deferred Outflows of Resources Related to OPEB	3,963,170	-	3,963,170	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	535,814	(63,622)	472,192	75,031
Increase (Decrease) in Customer Advances for Construction	399,169	-	399,169	-
Increase (Decrease) in Claims and Judgements	-	-	-	-
Increase (Decrease) in Compensated Absences	(622,594)	-	(622,594)	-
Increase (Decrease) in Net Pension Liability	-	-	-	-
Increase (Decrease) in Net OPEB Liability	(30,786,292)	-	(30,786,292)	-
Increase (Decrease) in Net Pension Liability	31,438,909	-	31,438,909	-
Increase (Decrease) in Claims Payable	-	-	-	422,620
Increase (Decrease) in Deferred Inflows of Resources Related to Pensions	(15,990,138)	-	(15,990,138)	-
Increase (Decrease) in Deferred Inflows of Resources Related to OPEB	5,025,369	-	5,025,369	-
Total Adjustments	1,575,733	20,416	1,596,149	(97,398)
Net Cash Provided (Used) by Operating Activities	\$ 36,130,365	\$ 838,032	\$ 36,968,397	\$ 11,875,741
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Developers	\$ 5,292,223	\$ -	\$ 5,292,223	\$ -

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022**

	<u>Pension and Other Employee Benefit Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 8,224,896
Accounts Receivable	129,867
Investments, at Fair Value:	
Mutual Funds	29,917,834
Guaranteed Investment Contracts	19,642,259
Land	7,457,948
Commingled Collective Trusts	152,780,653
Real Estate	<u>24,493,221</u>
Total Assets	<u>242,646,678</u>
LIABILITIES	
Accounts Payable	15,680
Due to Other Funds	<u>564,136</u>
Total Liabilities	579,816
NET POSITION	
Restricted for Pension Benefits	230,813,515
Restricted for OPEB Benefits	<u>11,253,347</u>
Total Net Position	<u><u>\$ 242,066,862</u></u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Contributions:	
Employer	\$ 19,842,069
Plan Members	2,889,171
Total Contributions	22,731,240
Investment Income (Loss):	
Net Change in Fair Value of Investments	(40,993,111)
Interest and Dividends	2,895,529
Total Investment Income (Loss)	(38,097,582)
Less Investment Expenses:	
Investment Management Fees	1,017,960
Net Investment Income (Loss)	(39,115,542)
Total Additions	(16,384,302)
DEDUCTIONS:	
Benefits	29,265,903
Administrative Expense	155,316
Transfers Out	7,264,235
Total Deductions	36,685,454
CHANGE IN NET POSITION	(53,069,756)
Net Position - Beginning of Year	295,136,618
NET POSITION - END OF YEAR	\$ 242,066,862

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

Fiduciary Component Units

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or benefit directly from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

The District reports the following major governmental funds:

General Fund

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

Debt Service

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

Clean Water Project Fund

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

Capital Project Fund

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

The District reports the following major proprietary fund:

Water Utility Fund

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

Additionally, the District reports the following fund types:

Internal Service Fund

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

Pension and Other Employee Benefit Trust Funds

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

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

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts (including the State Treasurer's sponsored pooled investment, STIF) and certificates of deposit with an original maturity of less than 90 days from the date of acquisition are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Supplies and Prepaid Items

All supplies are valued at cost. Supplies in the governmental and enterprise funds is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

All vacation and sick pay is accrued when incurred in the government-wide and proprietary 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 acquisition value at the date of donation.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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:

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

I. Deferred Outflows of Resources

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows of Resources

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources until that time. The District reports a deferred charge on refunding and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position and statement of net position - proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience and differences between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) except for differences between projected and actual earnings which is over a closed five-year period. The District reports unavailable revenue for governmental funds which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Long-Term Obligations

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Net Pension Liability

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

M. Net OPEB Liability

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

N. Fund Equity

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

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

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

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

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

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.

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

O. Accounting Estimates

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

P. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective January 1, 2022. There was no material impact on the entity's net position and changes in net position as a result of adoption of this standard.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. A fund budget was adopted for the Hydroelectric Development Project. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapses at year-end. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. During the fiscal year ended December 31, 2022, there were no supplemental budgetary appropriations.

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

1. Deposits

Deposit Custodial Credit Risk

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

1. Deposits (Continued)

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$136,422,632 of the District's bank balance of \$136,672,632 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 122,755,369
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the District's Name	<u>13,667,263</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 136,422,632</u></u>

2. Cash Equivalents

At December 31, 2022, the District's cash equivalents amounted to \$128,032,095. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA
U.S. Bank	*

* Not Rated

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

3. Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The District has the following recurring fair value measurements as of December 31, 2022:

	December 31, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 29,917,834	\$ 29,917,834	\$ -	\$ -
Guaranteed Investment Contracts	19,642,259	-	4,381,518	15,260,741
Real Estate	7,457,948	-	-	7,457,948
Total Investments by Fair Value Level	57,018,041	<u>\$ 29,917,834</u>	<u>\$ 4,381,518</u>	<u>\$ 22,718,689</u>
Investments Measured at Net Asset Value (NAV):				
Commingled Collective Trusts	152,780,653			
Timberland Investments	10,626,680			
Cornerstone Real Estate	77,400			
Intercontinental U.S. REIF	13,789,141			
Total Investments Measured at NAV	<u>177,273,874</u>			
Total Investments Measured at Fair Value	<u>\$ 234,291,915</u>			

The above investments have no rating or maturity.

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Guaranteed investment contracts classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Land and guaranteed investment contracts classified in Level 3 are valued using discounted cash flow techniques.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

3. Investments (Continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Collective Trusts	\$ 152,780,653	\$ -	Up to Monthly	Up to 10 Days
Timberland Investments	10,626,680	549,776	Hold to Maturity	Hold to Maturity (15 to 18 Years Total)
Cornerstone Real Estate	77,400	1,336,013	Hold to Maturity	Hold to Maturity (7 to 9 Years Total)
Intercontinental U.S. REIF	13,789,141	-	Quarterly	30-60 days
Total Investments Measured at NAV	<u>\$ 177,273,874</u>			

Fixed Income Commingled Funds: The Conning-Goodwin Capital Core Plus Bond CIF invests mostly investment grade corporate bonds and agency MBS. The fund has an average maturity of 8.4 years and average duration of 6.7 years, as of December 31, 2022. This fund does not have a commitment period.

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

Real Estate Funds: The Intercontinental U.S. REIF is an open-ended real estate fund that invests in mostly office and multifamily properties situated primarily in the Western and Eastern U.S., but also with representation in the South and Mid-West. Since the fund is open-ended, there is no commitment period. Cornerstone is a closed-end private REIT with a value-add strategy. Investments are in multifamily, Industrial, office, and retail. The fund maturity is in 2022 and is subject to two one-year extensions. FIA is a closed-end fund that invests in forestland in the Pacific Northwest, the South, and the East U.S. Income is produced through timber sales. This fund must be held to maturity, which could be 15 years.

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

3. Investments (Continued)

Interest Rate Risk

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

Credit Risk – Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2022, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

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

	General	Clean Water Project	Capital Projects Funds	Water Utility	Hydroelectric Development Project	Internal Service Fund	Trust Funds	Total
Sewer Use Charges	\$ 13,817,633	\$ 12,091,125	\$ -	\$ 455,663	\$ -	\$ -	\$ -	\$ 26,364,421
Customers and Employees	9,204,387	252,831	-	19,449,007	-	-	-	28,906,225
Assessments	73,604	-	1,698,928	780,148	-	-	-	2,552,680
Accrued Interest	254	-	265,389	161,348	-	-	-	426,991
Intergovernmental	-	17,125,415	566,023	-	-	-	-	17,691,438
Other	419,824	-	-	-	146,183	30,913	129,867	726,787
Gross Receivables	23,515,702	29,469,371	2,530,340	20,846,166	146,183	30,913	129,867	76,668,542
Less: Allowance for Uncollectibles	17,324,510	1,713,576	-	2,178,549	-	-	-	21,216,635
Net Total Receivables	\$ 6,191,192	\$ 27,755,795	\$ 2,530,340	\$ 18,667,617	\$ 146,183	\$ 30,913	\$ 129,867	\$ 55,451,907

C. Interfund Receivables, Payables, and Transfers

During the course of operations, transactions are processed through one fund on behalf of another fund. The General Fund and Water Utility Fund provide working capital advances to/from other funds.

Receivable Fund	Payable Fund	Amount
Internal Service Fund	OPEB Trust Fund	\$ 564,136

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2022, were as follows:

	Transfers In		Total Transfers Out
	General Fund	Debt Service Fund	
Transfers Out:			
General Fund	\$ -	\$ 34,721,729	\$ 34,721,729
Clean Water Fund	-	59,335,621	59,335,621
Capital Projects Fund	1,000,469	-	1,000,469
Total Transfers In	\$ 1,000,469	\$ 94,057,350	\$ 95,057,819

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,326,860	\$ -	\$ 78,326	\$ 10,248,534
Construction in Progress	985,127,893	90,724,440	55,832,498	1,020,019,835
Total Capital Assets Not Being Depreciated	995,454,753	90,724,440	55,910,824	1,030,268,369
Capital Assets Being Depreciated:				
Buildings	509,228,528	9,602,488	20,154,201	498,676,815
Machinery and Equipment	75,471,430	14,184,070	6,472,933	83,182,567
Infrastructure	911,691,133	32,330,532	795,241	943,226,424
Total Capital Assets Being Depreciated	1,496,391,091	56,117,090	27,422,375	1,525,085,806
Less Accumulated Depreciation for:				
Buildings	214,885,804	18,007,268	19,833,619	213,059,453
Machinery and Equipment	28,263,371	5,006,929	5,408,098	27,862,202
Infrastructure	211,401,106	11,429,282	5,225	222,825,163
Total Accumulated Depreciation	454,550,281	34,443,479	25,246,942	463,746,818
Total Capital Assets Being Depreciated, Net	1,041,840,810	21,673,611	2,175,433	1,061,338,988
Governmental Activities Capital Assets, Net	<u>\$ 2,037,295,563</u>	<u>\$ 112,398,051</u>	<u>\$ 58,086,257</u>	<u>\$ 2,091,607,357</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,847,885	\$ -	\$ -	\$ 10,847,885
Construction in Progress	209,011,560	41,819,109	83,135,998	167,694,671
Total Capital Assets Not Being Depreciated	219,859,445	41,819,109	83,135,998	178,542,556
Capital Assets Being Depreciated:				
Buildings	165,738,245	9,638,963	416,768	174,960,440
Machinery and Equipment	47,611,849	15,558,465	8,672,843	54,497,471
Infrastructure	486,432,065	61,692,419	727,020	547,397,464
Total Capital Assets Being Depreciated	699,782,159	86,889,847	9,816,631	776,855,375
Less Accumulated Depreciation for:				
Buildings	68,835,485	4,030,547	174,632	72,691,400
Machinery and Equipment	18,318,872	3,588,708	6,864,004	15,043,576
Infrastructure	152,404,093	10,983,238	155,345	163,231,986
Total Accumulated Depreciation	239,558,450	18,602,493	7,193,981	250,966,962
Total Capital Assets Being Depreciated, Net	460,223,709	68,287,354	2,622,650	525,888,413
Business-Type Activities Capital Assets, Net	<u>\$ 680,083,154</u>	<u>\$ 110,106,463</u>	<u>\$ 85,758,648</u>	<u>\$ 704,430,969</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 2,333,580
Operations	12,169,631
Plant and Maintenance	<u>19,940,268</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 34,443,479</u>
Business-Type Activities:	
Water	\$ 18,469,561
Hydroelectricity	<u>132,932</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 18,602,493</u>

Construction Commitments

The District has active construction projects as of December 31, 2022. At year-end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Remaining Commitment</u>
2015 SHCST Pump Station - Clean Water II	\$ 104,109,097
2015 SHCST Construction - Clean Water II	14,668,271
2021 East Hartford WPCF - Aeration, DO Control & SCADA Upgrades	9,862,142
2015 SHCST - Clean Water II	2,580,655
2018 Sewer Rehabilitation Program	1,315,514
2019 Oakwood Avenue Area Sewer Replacement - Phase 1	763,170
2020 WPCF Infrastructure Rehabilitation, Upgrades & Replacements	464,210
2015 Hartford WPCF DAFT 1&2 (SPB Solids)	420,997
2020 Various Sewer Pipe Replacement & Rehabilitation	226,247
2020 Hartford Sewershed Large Diameter Sewer	175,266
2017 WPC Equipment & Facilities Improvements	148,174
2021 Northern Interceptor Sewer Rehabilitation	144,603
2015 General Purpose Sewer	75,822
2021 Large Diameter Sewer Cleaning Program	67,136
2022 Private Property Inflow Disconnect Program	51,630
2014 Hartford WPCF Sludge Mixing Tank, Sludge Screening, GT & RSRF Upg.	50,498
2017 WPC Plant Infrastructure Renewal and Replacement	25,989
2014 Various Sewer Pipe Replacement/Rehab - District Wide	25,957
2017 HWPCF Air Permit Compliance	20,130
2021 WPC Infrastructure Rehabilitation, Upgrades & Replacement	18,981
2017 General Purpose Sewer	18,000
2012 HWPCF Solids Handling	10,168
2020 Levee Protection System, East Hartford and Hartford	5,000
2021 Various Sewer Pipe Replacement/Rehabilitation Program	4,174
2011 WPC Electronic Development	257
2011 WPC Renewal & Replace	84
Total	<u>\$ 135,252,172</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments (Continued)

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

<u>Project Name</u>	<u>Remaining Commitment</u>
2022 Farmington 11 / Sisson Ave. Area Main Replacement Water Work	\$ 2,457,492
2019 Water Main Replacement Program	1,150,075
2021 Wickham Hill Area Water Main Replacement	1,103,603
AWMR -Contract #4	840,241
2022 Capitol Ave. Area Water Main Replacement	826,905
2018 Buckingham Street Area Water Main Replacement	736,022
2021 General Purpose Water	589,316
2020 Webster Hill Area Water Main Replacement, West Hartford	535,721
2020 Water Main Replacements Hartford & Wethersfield	532,079
2019 Oakwood Ave Water Main Replacement 1&2	512,009
2021 District Wide Water Main Replacement Program	409,587
2020 Saybrooke and Bonner St 2018B-17	392,953
2021 Newington Road Water Main Replacement Program	362,908
2021 New Park Avenue Water Main Replacement	246,915
2015 Water Supply Improvements	209,338
2020 General Purpose Water Program	205,471
2022 Boulevard & Garfield Rd Water Main Replacements (Accelerated Plus)	110,753
2020 WPS Upgrades, Equipment, Water Tank Replacements	52,522
2020 District Wide Water Main Replacement Program	43,823
2018 Water Main Replacement Program	42,480
2020 Administrative Facilities and Equipment Improvements	30,944
2020 Church St and Nott St Water Main Replacement 2019B-02	29,236
2018 WT Facilities Infrastructure Rehabilitation, Upgrades & Repl.	15,000
Total	<u>\$ 11,435,393</u>

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 339,049,664	\$ 43,118,950	\$ 21,325,176	\$ 360,843,438	\$ 21,838,569
Revenue Bonds	325,405,000	-	15,950,000	309,455,000	12,700,000
Premiums	71,737,964	7,198,598	7,915,632	71,020,930	-
Total Bonds Payable	736,192,628	50,317,548	45,190,808	741,319,368	34,538,569
Clean Water Fund Loans	435,416,291	24,989,581	27,254,642	433,151,230	45,708,814
Compensated Absences*	2,734,721	-	2,734,721	-	-
Net Pension Liability	18,129,351	23,679,780	-	41,809,131	-
Net OPEB Liability	75,508,036	-	22,127,565	53,380,471	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,267,981,027</u>	<u>\$ 98,986,909</u>	<u>\$ 97,307,736</u>	<u>\$ 1,269,660,200</u>	<u>\$ 80,247,383</u>
Business-Type Activities:					
General Obligation Bonds	\$ 283,805,337	\$ 31,261,050	\$ 19,049,825	\$ 296,016,562	\$ 19,826,431
Premiums	35,553,534	5,219,552	4,221,076	36,552,010	-
Total Bonds Payable	319,358,871	36,480,602	23,270,901	332,568,572	19,826,431
Drinking Water Fund Loans	56,789,941	2,583,250	3,562,252	55,810,939	12,119,791
Compensated Absences*	3,600,622	-	3,600,622	-	-
Claims and Judgments	6,391,325	13,449,915	13,027,295	6,813,945	1,254,087
Net Pension Liability	24,557,350	31,438,909	-	55,996,259	-
Net OPEB Liability	102,280,404	-	30,786,292	71,494,112	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 512,978,513</u>	<u>\$ 83,952,676</u>	<u>\$ 74,247,362</u>	<u>\$ 522,683,827</u>	<u>\$ 33,200,309</u>

* Compensated absences are all considered current for the year ended December 31, 2022 and have been removed from the table above.

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

General Obligation Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	Various	\$ 360,843,438
Business-Type Activities	Various	296,016,562
Total		<u>\$ 656,860,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Governmental Activities					
Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2022
2014 GO Series A Sewer	8/6/2014	\$ 19,914,230	2.86	2035	\$ 11,939,779
2014 Refunding B Sewer	8/6/2014	9,197,066	1.48	2024	594,897
2015 GO Series A Sewer	3/19/2015	33,973,310	2.85	2035	22,138,137
2015 GO Series B Sewer	11/3/2015	5,097,470	2.66	2035	3,312,400
2016 GO Series A Sewer	2/18/2016	17,431,020	2.30	2036	12,204,500
2016 Refunding B Sewer	4/28/2016	18,301,300	1.64	2028	8,680,780
2016 GO Series C Sewer	12/1/2016	67,900,630	3.86	2034	47,938,800
2018 GO Series A Sewer	7/31/2018	62,591,950	3.31	2038	50,072,995
2019 GO Series A Sewer	8/8/2019	38,395,250	2.55	2039	32,635,160
2019 Refunding B Sewer	8/8/2019	26,533,410	2.05	2035	21,472,420
2019 Refunding C Sewer	8/8/2019	32,070,000	2.74	2040	29,130,000
2021 GO Series A Sewer	8/31/2021	74,356,690	2.00	2041	71,961,030
2021 Refunding B Sewer	8/31/2021	6,183,180	1.24	2033	5,643,590
2022 GO Series A Sewer	8/30/2022	43,118,950	5.00	2042	43,118,950
Total General Obligation Bonds					360,843,438
2020 Revenue Refunding A Sewer	8/25/2020	55,010,000	2.48	2045	46,725,000
2020 Revenue Refunding B Sewer	8/25/2020	76,065,000	2.37	2039	71,910,000
2021 Revenue Bond B Sewer	11/3/2021	66,030,000	1.55	2041	60,850,000
2021 Revenue Refunding B Sewer	11/3/2021	135,410,000	2.61	2042	129,970,000
Total Revenue Bonds					309,455,000
Total					<u>\$ 670,298,438</u>

Business-Type Activities					
Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2022
2010 Refunding Water	6/1/2010	\$ 2,338,504	2.56 %	2022	
2014 GO Series A Water	8/6/2014	27,820,770	2.86	2035	\$ 16,680,221
2014 Refunding B Water	8/6/2014	5,647,933	1.48	2024	750,103
2015 GO Series A Water	3/19/2015	32,766,691	2.85	2035	21,351,864
2015 GO Series B Water	11/3/2015	31,117,530	2.66	2035	20,217,600
2016 GO Series A Water	2/18/2016	15,593,980	2.30	2036	10,895,500
2016 Refunding B Water	4/28/2016	29,733,700	1.64	2028	14,104,220
2016 GO Series C Water	12/1/2016	40,414,370	3.86	2034	28,501,200
2018 GO Series A Water	7/31/2018	48,178,050	3.31	2038	38,542,004
2019 GO Series A Water	8/8/2019	38,104,750	2.55	2039	32,389,840
2019 Refunding B Water	8/8/2019	22,771,590	2.05	2035	18,427,580
2021 GO Series A Water	8/31/2021	56,453,310	2.00	2041	54,633,970
2021 Refunding B Water	8/31/2021	9,051,820	1.24	2033	8,261,410
2022 GO Series A Water	8/30/2022	31,261,050	5.00	2042	31,261,050
Total					<u>\$ 296,016,562</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 21,838,569	\$ 15,827,760	\$ 19,826,431	\$ 12,652,404
2024	21,669,851	14,957,282	19,830,149	11,823,250
2025	22,454,724	13,986,389	20,245,276	10,928,486
2026	22,729,274	12,932,364	20,420,726	9,979,661
2027	22,920,024	11,916,335	20,509,976	9,095,115
2028-2032	110,501,526	44,353,053	93,353,474	33,097,319
2033-2037	89,994,779	20,783,490	69,425,221	14,519,404
2038-2042	48,734,691	5,249,955	32,405,309	3,555,420
Total	<u>\$ 360,843,438</u>	<u>\$ 140,006,628</u>	<u>\$ 296,016,562</u>	<u>\$ 105,651,059</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at December 31, 2022, is \$551,861,788. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Unspent Bond Proceeds

As of December 31, 2022, the District reported unspent bond proceeds of \$39,132,621 and \$15,004,570 in governmental and business-type activities, respectively. These amounts were included as a component of net investment in capital assets in the statement of net position.

Revenue Bonds

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

Purpose	Interest Rates	Amount
Governmental Activities	Various	<u>\$ 309,455,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Revenue Bonds (Continued)

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 12,700,000	\$ 9,801,913
2024	12,855,000	9,408,470
2025	13,045,000	8,987,633
2026	15,850,000	8,533,212
2027	16,145,000	8,009,731
2028-2032	92,155,000	31,125,652
2033-2037	82,740,000	16,509,020
2038-2042	61,005,000	5,500,536
2043-2045	2,960,000	300,750
Total	<u>\$ 309,455,000</u>	<u>\$ 98,176,917</u>

Clean and Drinking Water Fund Loans

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Governmental Activities				
Description	Date of Issue	Original Amount	Interest Rate	Principal Outstanding 12/31/2022
CSL142	9/4/08	\$ 6,200,000	2.00 %	\$ 1,601,667
CSL149	3/31/09	12,710,000	2.00	3,654,125
CWF160C	12/27/07	1,888,557	2.00	424,925
166-CSL1	3/31/12	21,907,709	2.00	9,177,554
214-CSL	12/30/15	14,198,442	2.00	8,874,026
CWF451C	12/17/04	3,987,010	2.00	283,658
CWF508C	4/30/08	1,232,078	2.00	297,752
CWF520C	3/31/09	4,547,580	2.00	1,307,429
CWF521C	9/30/08	4,240,340	2.00	1,113,089
CWF578C	12/19/08	2,042,741	2.00	472,038
578-CD1	1/31/11	2,619,263	2.00	1,047,705
619-D1	3/31/12	12,600,000	2.00	5,278,378
626-C	1/29/13	22,160,848	2.00	10,064,719
652-C	1/31/16	25,528,771	2.00	16,700,071
652-C1	1/31/17	27,234,976	2.00	19,177,962
657-C	7/31/16	33,352,916	2.00	22,652,189
657-C1	7/31/17	40,852,371	2.00	29,788,188
692-C	1/31/18	46,785,354	2.00	35,283,954
657-C2	7/31/18	52,655,657	2.00	41,027,533
CWF 215-C	11/30/18	10,306,693	2.00	8,202,410
CWF 692-C1	1/31/19	31,761,844	2.00	25,541,816
CWF 652-C2	4/30/19	21,862,088	2.00	17,469,705
CWF 657-C3	6/30/19	17,782,244	2.00	14,225,795
CWF 697-DC (CIP)	2/28/20	15,019,750	2.00	12,078,382
CWF 692-C2	4/30/20	33,394,334	2.00	28,518,170
CWF 691-C	5/31/20	190,810	2.00	165,532
CWF 221-CSL	7/31/20	2,091,106	2.00	1,831,952
CWF 692-C3	1/31/21	17,875,420	2.00	16,162,359
CWF 657-C4	6/30/21	5,408,501	2.00	4,566,388
CWF 219-CSL	6/30/21	27,333,273	2.00	25,230,714
CWF 692-C4	5/31/22	24,949,781	2.00	24,222,079
Total Permanent Loan Obligations				386,442,264
CWF #692-C	Various	6,414,147		6,414,147
CWF #729-C	Various	22,506,857		22,506,857
CWF #719-C	Various	10,947,772		10,947,772
CWF #683-D	Various	730,606		730,606
CWF #728-C	Various	6,109,584		6,109,584
Total Interim Loan Obligations				46,708,966
Total				<u>\$ 433,151,230</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

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

Business-Type Activities				Principal
Description	Date of Issue	Original Amount	Interest Rate	Outstanding 12/31/2022
DWSRF200105C	12/11/03	\$ 2,343,735	2.00 %	\$ 68,359
DWSRF 2010 8008	8/31/11	2,579,412	2.00	988,774
DWSRF 2010 8009	2/29/12	772,079	2.00	295,963
DWSRF 2010 8009-1	1/29/13	193,644	2.00	84,433
DWSRF 2013-7012	7/15/14	2,780,620	2.00	1,471,411
DWSRF 2013-7013	6/1/15	2,713,243	2.00	1,532,982
DWSRF 2013-7014	9/30/15	4,691,464	2.00	2,873,521
DWSRF 2013-7015	5/31/16	5,635,824	2.00	3,406,831
DWSRF 2013-7017	6/30/15	2,013,468	2.00	1,174,523
DWSRF 2013-7018	9/30/14	398,083	2.00	213,970
DWSRF 2013-7019	6/30/15	1,539,774	2.00	885,370
DWSRF 2014-7021	4/30/16	3,809,525	2.00	2,253,969
DWSRF 2014-7026	3/31/15	1,691,379	2.00	993,685
DWSRF 2014-7029	3/31/16	3,173,899	2.00	1,891,598
DWSRF 2014-7030	7/31/16	1,892,813	2.00	1,190,895
DWSRF 2014-7031	5/31/16	3,626,881	2.00	2,192,434
DWSRF 2014-7032	12/31/16	3,162,716	2.00	2,189,573
DWSRF 2014-7033	8/31/16	1,501,320	2.00	1,000,880
DWSRF 2016-7035	8/31/16	2,203,262	2.00	1,468,841
DWSRF 2016-7042	8/31/16	825,335	2.00	550,224
DWSRF 2016-7043	2/28/17	1,129,379	2.00	788,162
DWSRF 2016-7044	4/30/17	2,754,227	2.00	1,905,007
DWSRF 2016-7045	7/31/17	2,445,859	2.00	1,722,292
DWSRF 2016-7047	2/28/17	3,004,951	2.00	2,097,072
DWSRF 2016-7046	6/29/18	3,051,182	2.00	2,288,387
DWSRF 2018-7061	3/30/19	1,892,634	2.00	1,528,666
DWSRF 2017-7055	4/30/19	1,691,022	2.00	1,373,052
DWSRF 2018-7062	7/31/19	1,814,906	2.00	1,496,909
DWSRF 2019-7074	8/31/20	2,046,805	2.00	1,801,888
DWSRF 2020-7086	1/31/21	1,334,309	2.00	1,205,363
DWSRF 2020-7088	1/31/22	2,274,924	2.00	2,167,985
Total Permanent				45,103,019
Loan Obligations				45,103,019
DWSRF#2021-7092	Various	3,071,879		3,071,879
DWSRF#2021-7093	Various	5,524,765		5,524,765
DWSRF#2022-7102	Various	2,111,276		2,111,276
Total Interim				10,707,920
Loan Obligations				10,707,920
Total				<u>\$ 55,810,939</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Permanent loan obligations mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 27,616,289	\$ 7,475,696
2024	27,499,489	6,923,954
2025	27,416,060	6,375,216
2026	27,416,060	5,826,895
2027	27,306,130	5,278,997
2028-2032	124,128,490	18,618,573
2033-2037	104,147,434	7,068,075
2038-2042	20,912,312	563,824
Total	<u>\$ 386,442,264</u>	<u>\$ 58,131,230</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,523,146	\$ 869,818
2024	3,454,786	800,335
2025	3,454,786	731,332
2026	3,454,786	662,328
2027	3,454,786	593,324
2028-2032	16,857,228	1,941,219
2033-2037	9,815,928	471,795
2038-2042	1,087,573	28,777
Total	<u>\$ 45,103,019</u>	<u>\$ 6,098,928</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 18,092,525	\$ 196,853
2024	28,616,441	541,287
Total	<u>\$ 46,708,966</u>	<u>\$ 738,140</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 8,596,645	\$ 247,890
2024	2,111,275	5,896
Total	<u>\$ 10,707,920</u>	<u>\$ 253,786</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

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

General Obligation Bonds – New Issuances

On August 16, 2022, the District issued \$74,380,000 in General Obligation Bonds, Issue of 2022, with an interest rate of 5.00%, maturing on August 1, 2042.

Debt Limitation

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

Debt Limit	Net Indebtedness	Balance
\$ 1,466,255,224	\$ 808,219,741	\$ 658,035,483

F. Fund Balance

The components of fund balance for the governmental funds at December 31, 2022, are as follows:

	General Fund	Debt Service	Clean Water Project	Capital Projects	Total
Fund Balances:					
Nonspendable:					
Prepays	\$ 596,836	\$ -	\$ -	\$ -	\$ 596,836
Supplies	4,142,113	-	-	-	4,142,113
Restricted for:					
Debt Service	-	2,747,931	-	-	2,747,931
Committed to:					
Capital Projects	-	-	64,929,885	38,818,384	103,748,269
Unassigned	29,068,570	-	-	-	29,068,570
Total Fund Balances	\$ 33,807,519	\$ 2,747,931	\$ 64,929,885	\$ 38,818,384	\$ 140,303,719

There were no outstanding encumbrances at December 31, 2022.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN

A. Plan Description and Benefits Provided

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

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

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

At January 1, 2022, membership consisted of:

Retirees, Disabled and Beneficiaries	
Currently Receiving Benefits	646
Terminated Members Entitled to But Not Yet Receiving Benefits	55
Current Active Members	418
Total Members	<u>1,119</u>

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Valuation of Investments

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

C. Funding Policy

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

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel, Pension and Insurance Committee by a majority vote of its members. It is the policy of the Personnel, Pension and Insurance Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short-time spans. The following was the Board's adopted asset allocation policy as of December 31, 2022.

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	10.00 %
Global Funds	12.50
Large Cap U.S. Equities	30.00
Mid Cap U.S. Equities	10.00
Small Cap U.S. Equities	10.00
Developed Foreign Equities	12.50
Real Estate (REITS)	10.00
Commodities	5.00

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (13.95%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District

The components of the net pension liability of the District at December 31, 2022 were as follows:

Total Pension Liability	\$ 328,618,905
Plan Fiduciary Net Position	<u>230,813,515</u>
Net Pension Liability	<u>\$ 97,805,390</u>

Plan Fiduciary Net Position as a Percentage Percentage of the Total Pension Liability	70.24%
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The net pension liability is recorded in the Water Utility Fund (Proprietary Fund), and the Governmental Activities of the District.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	6.625%, net of pension plan investment expense, including inflation
Mortality Rates	Pub-2010 Mortality (using a 75%/25% blend of Public Safety and General Rates) with generational projections per MP-2021 Ultimate Scale
Actuarial Cost Method	Entry Age Normal

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Core Fixed Income	1.39%
Large Cap U.S. Equities	4.94
Mid Cap U.S. Equities	5.56
Small Cap U.S. Equities	6.73
Developed Foreign Equities	6.27
Real Estate (REITS)	5.60
Commodities	4.76

Discount Rate

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

The discount rate at December 31, 2022, decreased 0.075% to 6.675% from 6.75% at December 31, 2021.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Changes in the Net Pension Liability

	Metropolitan District Employees' Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - January 1, 2022	\$ 321,890,252	\$ 279,203,551	\$ 42,686,701
Changes for the Year:			
Service Cost	4,845,109	-	4,845,109
Interest on Total Pension Liability	21,353,126	-	21,353,126
Differences Between Expected and Actual Experience	2,677,228	-	2,677,228
Changes in Assumptions	(1,016,260)	-	(1,016,260)
Employer Contributions	-	9,141,064	(9,141,064)
Member Contributions	-	2,447,478	(2,447,478)
Net Investment Gain (Loss)	-	(38,787,017)	38,787,017
Benefit Payments, Including Refund of Employee Contributions	(21,130,550)	(21,130,550)	-
Administrative Expenses	-	(61,011)	61,011
Net Changes	<u>6,728,653</u>	<u>(48,390,036)</u>	<u>55,118,689</u>
Balances - December 31, 2022	<u>\$ 328,618,905</u>	<u>\$ 230,813,515</u>	<u>\$ 97,805,390</u>

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

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

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
District's Net Pension Liability	\$ 134,133,772	\$ 97,805,390	\$ 66,865,067

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

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

For the year ended December 31, 2022, the District recognized pension expense of \$19,393,400, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$8,290,148 and \$11,103,252, respectively. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Metropolitan District Employees' Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 4,501,841
Changes of Assumptions	795,334	11,094,131
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	23,757,823
Total	\$ 795,334	\$ 39,353,795

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

Year Ending December 31,	Amount
2023	\$ 7,922,574
2024	9,868,675
2025	9,090,017
2026	11,677,195
Total	\$ 38,558,461

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

The District offers a 457(b) Deferred Compensation Plan to its employees as a voluntary savings plan, with no employer match. Participants decide how much to invest and the District deducts payments on their behalf and sends them directly to MassMutual who acts as the Record Keeper & Administrator. District employees currently have in excess of \$60 million in assets which grow on a tax-deferred basis. MassMutual was recently acquired by Empower. Participants can diversify their investments in more than 12 investment vehicles across a range of investment alternatives. Retirement Plan Advisors (RPA) of Chicago Illinois serves as a 3(21) fiduciary investment advisor on the Plan.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

The District also has a Non-Voluntary 457(f) Deferred Compensation Plan for the purpose of complying with certain limitations of the IRS Code of 1986. The purpose of the Plan is to provide certain senior District employees with retirement benefits that they are unable to receive under the employers qualified defined pension plan due to limitations of the Internal Revenue Code. As of December 31, 2022, there were two employees eligible to participate in the Plan. The Plan is unfunded; the District pays any benefits due in a given year under the terms of the Plan directly from District operating funds.

G. Combining Statement of Net Position

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,491,913	\$ 5,732,983	\$ 8,224,896
Accounts Receivable	47,964	81,903	129,867
Investments, at Fair Value:			
Mutual Funds	23,899,557	6,018,277	29,917,834
Guaranteed Investment Contracts	19,642,259	-	19,642,259
Land	7,457,948	-	7,457,948
Commingled Collective Trusts	152,780,653	-	152,780,653
Real Estate	24,493,221	-	24,493,221
Total Assets	230,813,515	11,833,163	242,646,678
LIABILITIES			
Accounts Payable	-	15,680	15,680
Due to Other Funds	-	564,136	564,136
Total Liabilities	-	579,816	579,816
NET POSITION			
Restricted for Pension and OPEB Benefits	\$ 230,813,515	\$ 11,253,347	\$ 242,066,862

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 9,141,064	\$ 10,701,005	\$ 19,842,069
Plan Members	2,447,478	441,693	2,889,171
Total Contributions	<u>11,588,542</u>	<u>11,142,698</u>	<u>22,731,240</u>
Investment Earnings:			
Net Change in Fair Value of Investments	(40,993,111)	-	(40,993,111)
Interest and Dividends	3,221,549	(326,020)	2,895,529
Total Investment Earnings (Loss)	<u>(37,771,562)</u>	<u>(326,020)</u>	<u>(38,097,582)</u>
Less Investment Expenses:			
Investment Management Fees	1,015,455	2,505	1,017,960
Net Investment Earnings (Loss)	<u>(38,787,017)</u>	<u>(328,525)</u>	<u>(39,115,542)</u>
Total Additions (Reductions)	<u>(27,198,475)</u>	<u>10,814,173</u>	<u>(16,384,302)</u>
DEDUCTIONS			
Benefits	21,130,550	8,135,353	29,265,903
Administrative Expense	61,011	94,305	155,316
Other	-	7,264,235	7,264,235
Total Deductions	<u>21,191,561</u>	<u>15,493,893</u>	<u>36,685,454</u>
CHANGE IN NET POSITION	(48,390,036)	(4,679,720)	(53,069,756)
Net Position - Beginning of Year	<u>279,203,551</u>	<u>15,933,067</u>	<u>295,136,618</u>
NET POSITION - END OF YEAR	<u>\$ 230,813,515</u>	<u>\$ 11,253,347</u>	<u>\$ 242,066,862</u>

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN

Plan Description

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Plan Description (Continued)

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

Expenses for postemployment benefits were paid out of the OPEB trust fund during the fiscal year ended December 31, 2022. The plan does not issue a stand-alone financial report.

At January 1, 2022, plan membership consisted of the following:

	Retiree Health Plan
Retired Members	493
Spouses of Retired Members	324
Active Plan Members	412
Beneficiaries	186
Total Participants	1,415

Funding Policy

The Retirement Plan is funded from various sources, including:

- (a) Employee mandatory contribution (employees hired before October 4, 2015, contribute 5% of regular compensation, employees hired between October 4, 2015, and June 5, 2018, contribute 7% of regular compensation and new employees hired after June 5, 2018, contribute 7.5% of regular compensation);
- (b) Actuarially determined employer contribution as based upon different presumptions (ranged from \$5 million to \$6 million per annum);
- (c) Investment returns from discretionary funds including equity, lumber and real estate assets;
- (d) Interest paid by Aetna for use of monies in financial and insurance business.

As of January 1, 2019, all employees also contribute 1.0% of regular compensation into an OPEB (Other Postretirement Benefits) fund. This fund is typically depleted by the end of the calendar year and is used to support medical costs. Since the early 1990s, the District has embraced “self-insurance.”

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Funding Policy (Continued)

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

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

Basis of Accounting

The OPEB Trust Fund’s financial statements are prepared on the accrual basis of accounting. Employees and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with plan provisions. Administrative costs of the plan are expensed. Investments are reported at fair value.

Investments

Investment Policy

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

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (1.82%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District’s net OPEB liability was measured as of December 31, 2022. The components of the net OPEB liability of the District at December 31, 2022 were as follows:

Total OPEB Liability	\$ 136,127,930
Plan Fiduciary Net Position	11,253,347
Net OPEB Liability	<u>\$ 124,874,583</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.27%
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**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Investments (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.50%, including inflation
Investment Rate of Return	6.625%, net of OPEB plan investment expense
Healthcare Cost Trend Rates	6.50% (6.30% for Post-65) – 4.30% over 53 years

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of December 31, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Core Fixed Income	20 %	1.39 %
Large Cap U.S. Equities	80	4.94

Discount Rate

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

The discount rate at December 31, 2022, decreased 0.125% to 6.625% from 6.75% at December 31, 2021.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Investments (Continued)

Changes in Net OPEB Liability

	Metropolitan District Employees' Retirement System		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - January 1, 2022	\$ 193,721,507	\$ 15,933,067	\$ 177,788,440
Changes for the Year:			
Service Cost	1,831,765	-	1,831,765
Interest on Total OPEB Liability	13,169,283	-	13,169,283
Differences Between Expected and Actual Experience	(78,493,217)	-	(78,493,217)
Changes in Assumptions	14,033,945	-	14,033,945
Employer Contributions	-	10,701,005	(10,701,005)
Member Contributions	-	441,693	(441,693)
Net Investment Gain (Loss)	-	(328,525)	328,525
Benefit Payments, Including Refund of Employee Contributions	(8,135,353)	(8,135,353)	-
Reallocation of Healthcare Costs	-	(7,264,235)	7,264,235
Administrative Expenses	-	(94,305)	94,305
Net Changes	<u>(57,593,577)</u>	<u>(4,679,720)</u>	<u>(52,913,857)</u>
Balances - December 31, 2022	<u>\$ 136,127,930</u>	<u>\$ 11,253,347</u>	<u>\$ 124,874,583</u>

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

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

	Current		
	1% Decrease (5.625%)	Discount Rate (6.625%)	1% Increase (7.625%)
Net OPEB Liability	\$ 141,693,458	\$ 124,874,583	\$ 110,879,007

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates of 6.50% (6.30% for Post-65) - 4.30% over 53 years:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB Liability	\$ 107,166,495	\$ 124,874,583	\$ 146,567,203

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Investments (Continued)

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

For the year ended December 31, 2022, the District recognized OPEB revenue of \$33,266,090, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$14,220,344 and \$19,045,746, respectively. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Metropolitan District Employees' Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ 90,405,871	\$ -
Changes of Assumptions	53,658,118	20,429,483
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	1,580,913
Total	\$ 144,063,989	\$ 22,010,396

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (45,417,342)
2024	(54,875,308)
2025	(13,607,921)
2026	(8,153,022)
Total	\$ (122,053,593)

During 2022, the District performed a thorough reconciliation of invoices of its third-party health insurance administrator and found a discrepancy in the amount billed for active and retired employees. The District charges its Internal Service Fund for active employee expenses and its OPEB fund for its retiree expenses. The District identified \$7,264,235 paid for by the Internal Service Fund for retirees for the period January 2019 through December 2021, and transferred that amount from the OPEB Fund to the Internal Service Fund to reimburse it for those expenses. The division of expenses was corrected in 2022 and beginning in 2023 the administrator is producing two invoices, one for active employees and one for retired employees.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION

A. Clean Water Project

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

1. Evolution of the Clean Water Project

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

1. Evolution of the Clean Water Project (Continued)

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. Meetings with CT DEEP have generated resubmittals, and the District submitted its most recent submittal of a Phase I Implementation Plan in February 2021. CT DEEP and the District have executed a new CO in September 2022, which supersedes the original CO and incorporates the Phase I Implementation Plan as an achievement goal. The resubmitted LTCP introduces the concept of an "Integrated Plan". The Integrated Plan coordinates the District's ongoing capital improvement and maintenance and CD required Capacity Management Operations Maintenance (CMOM) program with projects reasonably necessary to comply with the CSO CO. This plan included remedies such as replacing aged and damaged pipes and other system components, cleaning and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows. The concept and guidelines for Integrated Planning were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues coupled with the ongoing obligation to maintain its existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems. The resubmitted LTCP retains the South Tunnel (which is in construction) and related improvements (which are well underway). However, the resubmitted LTCP replaces the North Tunnel concept with a shortened downtown area tunnel and separation projects in conjunction with capacity improvements in the northern part of Hartford. The Plan contemplates a compliance effort over a longer term (i.e., 40 years) and integrated ongoing maintenance and a rehabilitation program. The Plan combines the Clean Water Project with other capital improvements that had not been considered part of Clean Water Project, such as the District's CMOM program, and continues to finance the combined effort with the Clean Water Project Charge. The Plan has a view to achieve compliance with the governmental orders efficiently within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

The resubmitted LTCP sets out several compliance options, which incorporate timing and sequencing alternatives. The option preferred by the District achieves incremental improvements in the coming years and full compliance in 40 years. Other options would have achieved compliance earlier, but would not provide the same immediate benefits to the District's customers as it would have deferred the replacement and or rehabilitation of aging infrastructure.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

2. Cost Estimates

Because the resubmitted LTCP incorporates an Integrated Plan, the nature of the Clean Water Project and its overall cost is not directly comparable to the LTCP as currently approved. Current estimates to complete the LTCP are that the Clean Water Project Charge is \$4.25 in 2023 and then increases incrementally to approximately \$7.25 per hundred cubic feet (ccf) and thereafter remain at least at that level for a considerable period as the ongoing capital maintenance and rehabilitation program continues. The District Board sets the Clean Water Project Charge without the need for other approvals. The primary reasons for the increase in the Clean Water Project Charge are due to inflation of costs to complete the LTCP on a longer schedule and the inclusion of asset management projects, such as sewer lining, which previously were contemplated to be paid for through ad valorem taxes assessed against the Member Municipalities. As a result, the future increases to ad valorem taxes will be mitigated while the estimated total cost to the rate payers for both the Clean Water Project Charge and ad valorem taxes remain, on average, about the same. This assumes a continued level of Federal and State support in the form of grants and low-interest loans consistent with the support provided to date. Other options, such as accelerating work or changes in sequencing of the work, would increase the surcharge, as would a change in the level of Federal and State funding support. The District remains mindful of maintaining an overall level of affordability for rate payers of the District, which may lead to future adjustment in the nature of the Clean Water Project and its cost and financing. No assurance can be given as to the final cost of the Clean Water Project or the precise composition of its funding. In accordance with the CO, the LTCP will be updated on a 5-year schedule, thus allowing the District to update Program Cost Estimates and budgets on a routine basis.

3. Referendum Requirements

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

3. Referendum Requirements (Continued)

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

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

The District has issued, to date, \$332,515,000 in Clean Water Project Revenue Bonds, \$309,455,000 of which were outstanding as of December 31, 2021. The Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.

B. Risk Management

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

The District is self-insured for healthcare, workers' compensation claims up to \$1,000,000 for each accident, deductibles for property damage up to \$100,000 for each location, and general and automobile liability up to \$250,000 for each incident. Additionally, the District has provided for \$1 million of excess coverage for liability coverage with no limits for workers' compensation excess coverage. The District holds cyber liability insurance for claims made up to \$1,000,000. The self-insurance fund is primarily supported by contributions from the General Fund and the Water Utility Enterprise Fund. Workers' Compensation Trust administers the District's workers compensation program for which the District pays a fee. General and auto liability claims are performed in-house and through third-party administrators whose administrative fees are paid by the self-insurance fund. 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 \$6,813,945 for the self-insurance fund reported at December 31, 2022, is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

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

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Accrued Liability End of Fiscal Year
2021	\$ 6,283,811	\$ 15,839,850	\$ 15,732,336	\$ 6,391,325
2022	6,391,325	13,449,915	13,027,295	6,813,945

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

1. Arbitrage

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

2. Other

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

In the course of constructing the tunnel and the retrieval shaft, KOJV alleges that it encountered differing site conditions. As a result, KOJV alleges that it incurred additional costs entitling KOJV to payment of approximately \$87. KOJV has submitted, or intends to submit, proposed change orders totaling this approximate amount. The MDC disputes KOJV's entitlement to any claim for additional compensation. In April 2021, a two-day hearing was held before a three-member Dispute Resolution Board (DRB) that had been contractually agreed to and appointed jointly by the parties. Due to the resignation of one of the three members shortly after the hearing, the DRB has yet to issue any rulings. The DRB has yet to be reconstituted. In the meantime, KOJV filed a civil action in the United States District Court for the District of Connecticut seeking damages for extra work. As with the DRB proceeding, the MDC disputes KOJV's claim and intends to not only defend the action but also to pursue counterclaims as noted below. The parties are exploring binding arbitration as the most effective and timely way to resolve what will most likely prove to be a complicated and extremely technical proceeding. The parties have agreed to suspend the federal court action pending any agreement to arbitrate.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

2. Other (Continued)

In contrast, the MDC alleges that KOJV has failed to achieve certain construction completion milestones that were agreed to by KOJV when it entered into the Contract. As a result, the MDC submits that KOJV is liable to the MDC for liquidated damages that must be paid by KOJV that result for KOJV's failure to meet the project schedule and achieve the contract milestones. The MDC also maintains that a portion of the work called for under the contract was either improperly completed or not completed at all. It is anticipated that the MDC liquidated damage claim against KOJV and the value of the defective and/or incomplete work claims will exceed \$20 million.

In terms of "materiality," the MDC has sufficient contract contingency funds to meet any alleged exposure. Additionally, the State is expected to participate in satisfying any successful claim by KOJV as well. Further, as noted, the MDC expects to offset liquidated damages against any successful claim by KOJV.

REQUIRED SUPPLEMENTARY INFORMATION

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxation:				
Hartford	\$ 14,067,500	\$ 14,067,500	\$ 14,067,500	\$ -
East Hartford	6,264,400	6,264,400	6,264,400	-
Newington	4,799,100	4,799,100	4,799,100	-
Wethersfield	4,252,500	4,252,500	4,252,500	-
Windsor	4,698,600	4,698,600	4,698,600	-
Bloomfield	3,868,400	3,868,400	3,868,400	-
Rocky Hill	3,206,800	3,206,800	3,206,800	-
West Hartford	11,919,300	11,919,300	11,919,300	-
Total Taxation	53,076,600	53,076,600	53,076,600	-
Sewer User Fees:				
Bradley Airport - Hamilton - East Granby	1,280,800	1,280,800	1,153,534	(127,266)
Customer Service Charge	9,894,900	9,894,900	9,605,547	(289,353)
Nonmunicipal - Tax Exempt	8,536,900	8,536,900	7,357,576	(1,179,324)
Hi-Flow Charges	1,195,402	1,195,402	3,245,767	2,050,365
Hi-Strength	770,000	770,000	638,336	(131,664)
Manchester	180,000	180,000	174,958	(5,042)
South Windsor	15,900	15,900	16,211	311
Farmington	166,200	166,200	141,950	(24,250)
Cromwell	11,700	11,700	13,484	1,784
Hartford	-	-	(490)	(490)
DEEP/Landfill Discharge Fees	120,000	120,000	-	(120,000)
Total	22,171,802	22,171,802	22,346,873	175,071
Sewer User Rebates	-	-	-	-
Total Sewer User Fees	22,171,802	22,171,802	22,346,873	175,071
Intergovernmental:				
Sludge Handling	10,900,000	10,900,000	10,718,523	(181,477)
Household Hazardous Waste	31,000	31,000	29,231	(1,769)
Total Intergovernmental	10,931,000	10,931,000	10,747,754	(183,246)
Investment Income	40,000	40,000	513,679	473,679

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES (CONTINUED)				
Other Revenues:				
Bill Jobs	\$ 10,000	\$ 10,000	\$ 17,156	\$ 7,156
FOG Charges	236,000	236,000	236,280	280
Developers	576,000	576,000	-	(576,000)
Payroll Additives and Indirect Costs	260,000	260,000	270,631	10,631
Late Payment Charges	1,000,000	1,000,000	1,827,156	827,156
Labor Additives and Overhead	310,000	310,000	44,691	(265,309)
Property Rents	153,800	153,800	213,101	59,301
Sale of Materials/Equipment	150,000	150,000	197,603	47,603
Septage/Glycol Discharge Fees	1,114,800	1,114,800	1,291,811	177,011
Rebates and Reimbursements	50,000	50,000	175,984	125,984
PM Unit	5,291,000	5,291,000	5,291,000	-
Vendor Discount Revenue	500	500	198	(302)
Miscellaneous	150,000	150,000	369,905	219,905
Total Other Revenues	<u>9,302,100</u>	<u>9,302,100</u>	<u>9,935,516</u>	<u>633,416</u>
Total Revenues	95,521,502	95,521,502	96,620,422	1,098,920
OTHER FINANCING SOURCES				
Transfers In	<u>4,680,000</u>	<u>4,680,000</u>	-	(4,680,000)
Total Other Financing Sources	<u>4,680,000</u>	<u>4,680,000</u>	-	(4,680,000)
Total Revenues and Other Financing Sources	100,201,502	100,201,502	96,620,422	(3,581,080)
EXPENDITURES				
General Government:				
District Board	257,500	257,500	229,053	28,447
Executive Office	1,505,900	1,505,900	1,216,755	289,145
Legal	723,100	723,100	600,282	122,818
Information Systems	2,928,700	2,928,700	2,843,335	85,365
Finance	2,442,100	2,442,100	2,036,698	405,402
Total General Government	<u>7,857,300</u>	<u>7,857,300</u>	<u>6,926,123</u>	<u>931,177</u>
Engineering and Planning	535,600	535,600	451,965	83,635
Operations:				
Environmental Health and Safety	480,600	480,600	376,914	103,686
Command Center	1,502,800	1,601,400	1,553,934	47,466
Chief Operating Office	375,000	375,000	333,114	41,886
Customer Service	997,100	997,100	895,291	101,809
Operations	3,268,600	3,233,600	3,217,753	15,847
Total Operations	<u>6,624,100</u>	<u>6,687,700</u>	<u>6,377,006</u>	<u>310,694</u>

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Plants and Maintenance:				
Water Pollution Control	\$ 20,573,002	\$ 20,558,402	\$ 17,231,739	\$ 3,326,663
Laboratory Services	758,200	758,200	659,057	99,143
Maintenance	6,117,900	6,068,900	5,247,589	821,311
Special Agreements and Programs	1,398,300	1,398,300	1,151,921	246,379
Total Plants and Maintenance	<u>28,847,402</u>	<u>28,783,802</u>	<u>24,290,306</u>	<u>4,493,496</u>
Employee Benefits and Other:				
Employee Benefits	16,747,500	16,747,500	16,618,272	129,228
General Insurance	2,492,100	2,492,100	2,425,055	67,045
Total Employee Benefits and Other	<u>19,239,600</u>	<u>19,239,600</u>	<u>19,043,327</u>	<u>196,273</u>
Contingency	1,980,000	1,980,000	-	1,980,000
Debt Service:				
Principal	20,785,400	20,785,400	20,829,650	(44,250)
Interest	13,892,100	13,892,100	13,892,079	21
Interest Expense IFO/PLO	189,000	189,000	18,882	170,118
Legal Services	251,000	251,000	31,536	219,464
Total Debt Service	<u>35,117,500</u>	<u>35,117,500</u>	<u>34,772,147</u>	<u>345,353</u>
Total Expenditures	<u>100,201,502</u>	<u>100,201,502</u>	<u>91,860,874</u>	<u>8,340,628</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,759,548	<u>\$ 4,759,548</u>

Budgetary Expenditures are Different than GAAP Expenditures Because:

Expenditures not Included in the Budget, Consisting Primarily of:

The District does not Budget for Sewer Rebates	2,095
The District does not Budget for Sales Accruals	199,580
The District does not Budget for Certain Miscellaneous Revenue	(7,848)
The District does not Budget for Billable or Developer Payroll	(384,710)
The District does not Budget for Billable or Developer Accrual	17,592
The District does not Budget for Certain Nonfunded Payroll	(30,923)
The District does not Budget for Year-End Payroll Accruals	(8,773)
The District does not Budget for Bad Debts	(495,122)
The District does not Budget for Year-End Expense Accruals	(281,027)
The District does not Budget for the Lateral Installation Program	925,984
The District does not Budget for Liquid Waste Discharge Accruals	<u>(598,702)</u>

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

\$ 4,097,694

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 4,845,109	\$ 4,684,449	\$ 4,679,208	\$ 4,201,054	\$ 4,088,615	\$ 3,989,674	\$ 4,121,036	\$ 3,977,923	\$ 3,534,272
Interest	21,353,126	21,004,988	19,624,655	19,227,865	18,306,742	18,000,653	17,634,276	17,230,210	16,861,364
Changes of Benefit Terms	-	-	21,260	350	-	258,130	-	-	-
Differences Between Expected and Actual Experience	2,677,228	1,429,146	1,826,376	2,768,238	8,180,799	(605,374)	159,570	(348,426)	-
Changes of Assumptions	(1,016,260)	4,123,207	18,425,798	6,966,524	-	-	-	7,992,450	-
Benefit Payments, Including Refunds of Member Contributions	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)	(15,844,541)	(15,437,612)
Net Change in Total Pension Liability	6,728,653	11,186,747	25,801,264	14,937,573	12,827,380	4,343,792	5,964,669	13,007,616	4,955,024
Total Pension Liability - Beginning	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496	246,828,827	233,821,211	228,863,187
Total Pension Liability - Ending	328,618,905	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496	246,828,827	233,821,211
Plan Fiduciary Net Position:									
Contributions - Employer	9,141,064	9,133,600	8,650,763	5,688,000	6,500,000	6,300,000	6,361,424	6,000,000	5,918,000
Contributions - Member	2,447,478	2,453,012	2,385,458	2,430,709	2,280,859	2,343,416	2,247,072	2,255,825	2,160,885
Net Investment Income (Loss)	(38,787,017)	34,407,695	34,378,938	35,293,532	(9,180,721)	36,679,882	13,824,703	3,637,492	13,864,280
Other Income	-	-	-	-	-	-	-	-	102,351
Benefit Payments, Including Refunds of Member Contributions	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)	(15,844,541)	(15,448,154)
Administrative Expense	(61,011)	(82,006)	(79,174)	(103,926)	(67,530)	(119,313)	(109,687)	(35,213)	(46,896)
Special Item	-	-	-	-	-	(9,271,439)	-	-	-
Net Change in Plan Fiduciary Net Position	(48,390,036)	25,857,258	26,559,952	25,081,857	(18,216,168)	18,633,255	6,373,299	(3,986,437)	6,550,466
Plan Fiduciary Net Position - Beginning	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397	194,914,098	198,900,535	192,350,069
Plan Fiduciary Net Position - Ending	230,813,515	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397	194,914,098	198,900,535
District's Net Pension Liability - Ending	\$ 97,805,390	\$ 42,686,701	\$ 57,357,212	\$ 58,115,900	\$ 68,260,184	\$ 37,216,636	\$ 51,506,099	\$ 51,914,729	\$ 34,920,676
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.24%	86.74%	81.54%	79.60%	74.72%	85.53%	79.63%	78.97%	85.07%
Covered Payroll	\$ 44,109,088	\$ 47,184,831	\$ 44,912,213	\$ 44,912,213	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101	\$ 42,655,811	\$ 41,460,234
Net Pension Liability as a Percentage of Covered Payroll	221.74%	90.47%	127.71%	129.40%	159.56%	88.41%	117.13%	121.71%	84.23%

Notes to Schedule:

Discount rate changes: The rate at December 31, 2022, decreased 0.125% from 6.75% at December 31, 2021.

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 9,141,064	\$ 9,133,515	\$ 6,756,345	\$ 6,756,345	\$ 5,647,479	\$ 5,376,378	\$ 6,361,424	\$ 5,805,223	\$ 5,857,601	\$ 5,804,428
	9,141,064	9,133,600	8,650,763	5,688,000	6,500,000	6,300,000	6,361,424	6,000,000	5,918,000	5,881,000
Contribution Deficiency (Excess)	\$ -	\$ (85)	\$ (1,894,418)	\$ 1,068,345	\$ (852,521)	\$ (923,622)	\$ -	\$ (194,777)	\$ (60,399)	\$ (76,572)
Covered Payroll	\$ 44,109,088	\$ 47,184,831	\$ 44,912,213	\$ 44,912,213	\$ 42,779,907	\$ 42,086,151	\$ 43,972,101	\$ 42,655,811	\$ 41,460,234	\$ 38,773,923
Contributions as a Percentage of Covered Payroll	20.72%	19.36%	19.26%	12.66%	15.19%	14.97%	14.47%	14.07%	14.27%	15.17%

Notes to Schedule

Valuation Date: January 1, 2022
 Measurement Date: December 31, 2022
 Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level Percent, Closed
- Remaining Amortization Period: 17 Years
- Asset Valuation Method: 5 Years, Nonasymptotic
- Inflation: 2.75%
- Salary Increases: 3.50%
- Investment Rate of Return: 6.625%
- Retirement Age: Aged Based Rates
- Turnover: Aged Based Rates
- Mortality: Pub-2010 Mortality (using a 75%/25% blend of Public Safety and General rates) with generational projection per MP-2021 Ultimate Scale

Other Information:
 The discount rate was lowered from 6.75% to 6.625%.
 The mortality improvement scale was updated from the MP-2019 ultimate scale to the modified MP-2021 ultimate scale.

**THE METROPOLITAN DISTRICT
SCHEDULE OF INVESTMENT RETURNS
MDERS
LAST NINE FISCAL YEARS***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	(13.95%)	13.72%	15.43%	17.79%	(4.22%)	13.80%	7.48%	1.58%	7.42%

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

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

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution (1)	\$ 12,003,097	\$ 11,673,290	\$ 13,846,000	\$ -	\$ -	\$ 18,458,692	\$ 15,855,000	\$ 14,765,820	\$ 15,755,000	\$ 15,162,000
Contributions in Relation to the Actuarially Determined Contribution	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000	5,000,000	5,000,000	5,588,854	6,512,592
Contribution Deficiency (Excess)	\$ 1,302,092	\$ 1,224,490	\$ 3,497,000	\$ (9,146,000)	\$ (5,000,000)	\$ 13,458,692	\$ 10,855,000	\$ 9,765,820	\$ 10,166,146	\$ 8,649,408
Covered Payroll	\$ 46,502,237	\$ 46,502,237	\$ 43,143,578	\$ 43,143,678	\$ 43,535,483	\$ 43,535,483	\$ 41,000,000	\$ 41,000,000	\$ 40,000,000	\$ 40,000,000
Contributions as a Percentage of Covered Payroll	23.01%	22.47%	23.99%	21.20%	11.48%	11.48%	12.20%	12.20%	13.97%	16.28%

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

Notes to Schedule

Valuation Date: January 1, 2022

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Asset Valuation Method	Market Value
Inflation	2.75%
Healthcare Cost Trend Rates	6.50% (6.30% for Post-65) - 4.30% Over 53 Years
Salary Increases	3.5%, Average, Including Inflation
Investment Rate of Return	6.625%
Retirement Age	Expected retirement rates for employees begin at 2% for employees aged 50-55, up to 100% at age 70.
Mortality	Pub-2010 mortality table (using a 75%/25% blend of the Public Safety and General rates) with generational projection per the Ultimate MP-2021 ultimate scale.

Other Information:

The discount rate was lowered from 6.75% to 6.625%.

The mortality improvement scale was updated from the Ultimate MP-2019 scale to the modified Ultimate MP-2021 scale.

Added a load for administrative expenses to the Actuarially Determined Contribution to reflect administrative expenses paid from the Trust.

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

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE
CONNECTION CHARGE PROJECTS
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2022**

Year	Total Assessments Billed	Assessments Receivable January 1, 2022	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2022	Interest Collected
2002	\$ 1,349,465	\$ 13,056	\$ -	\$ -	\$ 4,856	\$ 8,200	\$ -
2003	1,843,321	5,832	-	-	-	5,832	-
2004	1,155,681	12,606	-	-	-	12,606	-
2005	804,622	5,797	-	657	-	5,140	1,279
2007	1,120,400	8,763	-	-	8,763	-	3,000
2008	1,108,907	15,338	-	7,390	-	7,948	920
2009	568,934	12,198	-	3,864	-	8,334	762
2010	895,500	140,260	-	32,062	-	108,198	8,416
2011	333,050	52,367	-	9,290	-	43,077	3,142
2012	139,933	30,887	-	8,709	-	22,178	1,708
2013	337,982	3,195	-	760	-	2,435	192
2014	99,496	28,966	-	3,792	-	25,174	2,701
2015	892,511	85,286	-	7,358	-	77,928	5,117
2016	2,138,838	131,520	-	13,722	-	117,798	12,193
2017	1,158,191	16,861	-	262	-	16,599	266
2018	164,855	25,371	-	18,725	-	6,646	430
2019	263,001	20,958	-	(15,434)	17,221	19,171	1,434
2020	821,355	738,407	-	20,414	-	717,993	24,205
2021	188,418	67,823	-	13,047	-	54,776	4,034
2022	-	-	930,802	823,419	833	106,550	245
Total	\$ 15,384,460	\$ 1,415,491	\$ 930,802	\$ 948,037	\$ 31,673	\$ 1,366,583	\$ 70,044

**THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE
FLAT RATE PROJECTS
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2022**

Year	Total Assessments Billed	Assessments Receivable January 1, 2022	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2022	Interest Collected
2000	\$ 597,575	\$ 20,375	\$ -	\$ -	\$ -	\$ 20,375	\$ -
2003	684,750	13,595	-	1,658	-	11,937	1,104
2004	714,634	31,412	-	1,624	11,668	18,120	2,787
2005	18,097	877	-	877	-	-	319
2007	677,398	20,855	-	3,491	-	17,364	249
2008	113,301	21,316	-	7,266	-	14,050	1,078
2009	146,490	8,251	-	8,251	-	-	5,362
2010	219,724	9,194	-	2,116	-	7,078	553
2011	97,616	590	-	178	-	412	65
2014	380,405	55,246	-	8,424	-	46,822	12,302
2015	198,421	18,783	-	925	-	17,858	632
2017	29,506	-	-	-	-	-	-
2018	26,131	13,113	-	777	-	12,336	787
2020	80,097	57,836	-	6,749	5	51,082	2,261
2021	310,101	70,380	-	6,777	15,339	48,264	3,106
2022	-	-	89,923	6,712	16,564	66,647	789
Total	\$ 4,294,246	\$ 341,823	\$ 89,923	\$ 55,825	\$ 43,576	\$ 332,345	\$ 31,394

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2022**

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,491,913	\$ 5,732,983	\$ 8,224,896
Accounts Receivable	47,964	81,903	129,867
Investments, at Fair Value:			
Mutual Funds	23,899,557	6,018,277	29,917,834
Guaranteed Investment Contracts	19,642,259	-	19,642,259
Land	7,457,948	-	7,457,948
Commingled Collective Trusts	152,780,653	-	152,780,653
Real Estate	24,493,221	-	24,493,221
Total Assets	230,813,515	11,833,163	242,646,678
LIABILITIES			
Accounts Payable	-	15,680	15,680
Due to Other Funds	-	564,136	564,136
Total Liabilities	-	579,816	579,816
NET POSITION			
Restricted for Pension and OPEB Benefits	\$ 230,813,515	\$ 11,253,347	\$ 242,066,862

THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
YEAR ENDED DECEMBER 31, 2022

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employer	\$ 9,141,064	\$ 10,701,005	\$ 19,842,069
Plan Members	2,447,478	441,693	2,889,171
Total Contributions	<u>11,588,542</u>	<u>11,142,698</u>	<u>22,731,240</u>
Investment Earnings:			
Net Change in Fair Value of Investments	(40,993,111)	-	(40,993,111)
Interest and Dividends	3,221,549	(326,020)	2,895,529
Total Investment Earnings (Loss)	<u>(37,771,562)</u>	<u>(326,020)</u>	<u>(38,097,582)</u>
Less Investment Expenses:			
Investment Management Fees	1,015,455	2,505	1,017,960
Net Investment Earnings (Loss)	<u>(38,787,017)</u>	<u>(328,525)</u>	<u>(39,115,542)</u>
Total Additions (Reductions)	<u>(27,198,475)</u>	<u>10,814,173</u>	<u>(16,384,302)</u>
DEDUCTIONS:			
Benefits	21,130,550	8,135,353	29,265,903
Administrative Expense	61,011	94,305	155,316
Other	-	7,264,235	7,264,235
Total Deductions	<u>21,191,561</u>	<u>15,493,893</u>	<u>36,685,454</u>
CHANGE IN NET POSITION	(48,390,036)	(4,679,720)	(53,069,756)
Net Position - Beginning of Year	<u>279,203,551</u>	<u>15,933,067</u>	<u>295,136,618</u>
NET POSITION - END OF YEAR	<u>\$ 230,813,515</u>	<u>\$ 11,253,347</u>	<u>\$ 242,066,862</u>

STATISTICAL SECTION

STATISTICAL INFORMATION

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

Contents	Page
Financial Trends	96-100
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	101
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	102-104
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	105
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	106-108
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

TABLE 1

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net Investment in										
Capital Assets	\$ 924,116,642	\$ 884,236,060	\$ 846,161,504	\$ 809,558,713	\$ 738,962,237	\$ 628,338,124	\$ 586,568,408	\$ 484,901,567	\$ 455,295,358	\$ 404,221,688
Restricted	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-	56,291,586	45,369,836
Unrestricted	11,203,530	(27,864,263)	(56,289,770)	(57,460,793)	(41,062,433)	(37,710,011)	79,129,891	97,312,929	32,965,610	41,240,029
Total Governmental Activities Net Position	\$ 938,068,103	\$ 861,572,342	\$ 792,616,608	\$ 754,842,794	\$ 700,644,678	\$ 590,628,113	\$ 665,698,299	\$ 582,214,496	\$ 544,552,554	\$ 480,831,563
Business-Type Activities										
Net Investment in										
Capital Assets	\$ 322,367,283	\$ 307,558,127	\$ 281,225,011	\$ 271,278,589	\$ 282,865,688	\$ 279,492,616	\$ 259,143,790	\$ 264,913,659	\$ 253,310,200	\$ 252,938,272
Restricted	-	-	(130,180,132)	(180,975,146)	(166,847,582)	(123,821,368)	(35,082,158)	-	114,520	3,335,436
Unrestricted	(83,854,915)	(108,094,307)	(130,180,132)	(180,975,146)	(166,847,582)	(123,821,368)	(35,082,158)	(14,191,842)	(28,354,196)	(10,810,332)
Total Business-Type Activities Net Position	\$ 238,512,368	\$ 199,463,820	\$ 151,044,879	\$ 90,303,443	\$ 116,018,116	\$ 155,671,248	\$ 224,061,632	\$ 250,721,817	\$ 225,070,524	\$ 245,463,376
Primary Government										
Net Investment in										
Capital Assets	\$ 1,246,513,525	\$ 1,191,794,187	\$ 1,127,386,515	\$ 1,080,837,302	\$ 1,021,827,935	\$ 907,830,740	\$ 848,611,463	\$ 749,815,226	\$ 711,376,235	\$ 660,151,463
Restricted	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-	56,406,106	48,705,272
Unrestricted	(72,651,385)	(135,958,570)	(186,469,902)	(238,435,939)	(207,910,015)	(161,531,379)	41,148,468	83,121,087	1,840,737	27,438,204
Total Primary Government Net Position	\$ 1,176,610,471	\$ 1,061,036,162	\$ 943,661,487	\$ 845,146,237	\$ 816,662,794	\$ 746,299,361	\$ 889,759,931	\$ 832,936,313	\$ 769,623,078	\$ 736,294,939

TABLE 2

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental Activities										
General Government	\$ 6,992,276	\$ 9,274,700	\$ 12,632,933	\$ 22,503,242	\$ 3,478,751	\$ 12,782,032	\$ 13,683,241	\$ 12,337,881	\$ 12,784,187	\$ 9,524,064
Engineering and Planning	17,847,612	20,309,788	19,918,024	32,724,856	11,612,676	15,004,934	25,441,446	6,151,830	8,614,482	486,626
Operations	43,551,515	49,002,317	49,834,121	71,412,175	32,932,419	43,573,609	46,577,522	29,189,681	34,067,360	5,439,460
Plants and Maintenance	28,822,898	23,827,057	30,987,059	28,064,892	30,746,675	26,066,412	24,217,631	19,489,920	16,263,466	13,271,555
Water Treatment and Supply	97,214,301	102,413,842	113,172,137	154,705,165	78,770,521	97,426,987	109,919,840	67,169,312	72,607,173	59,083,248
Interest on Long-Term Debt	76,055,085	60,552,012	73,551,706	107,583,098	124,328,800	91,573,513	84,025,204	84,404,787	79,597,522	66,713,237
Total Governmental Activities Expenses	257,130	289,595	2,037,099	2,116,807	247,281	702,704	827,100	479,326	394,359	345,431
Business-Type Activities	76,312,215	60,841,607	75,588,805	109,699,905	124,576,081	92,276,217	86,645,550	85,645,424	82,158,438	75,150,512
Water	\$ 173,526,516	\$ 163,255,448	\$ 188,760,942	\$ 264,405,070	\$ 203,346,602	\$ 189,703,204	\$ 196,565,390	\$ 152,814,736	\$ 154,765,611	\$ 134,213,760
Hydroelectricity	89,065,815	82,889,800	86,709,779	86,222,994	73,018,310	72,013,708	70,629,736	61,592,665	63,885,662	47,300,004
Mid-Connecticut Project	10,560,612	12,406,369	10,111,198	-	-	-	-	3,992,310	1,039,223	-
Total Business-Type Activities Expenses	19,011,971	24,472,158	23,423,241	53,379,335	49,836,293	64,775,491	51,301,142	32,768,216	26,927,807	26,506,324
Total Primary Government Program Revenues	118,638,398	119,788,327	120,244,218	139,602,329	122,854,603	136,789,199	121,950,878	96,353,191	91,852,692	73,806,328
Business-Type Activities	106,384,553	102,216,273	106,176,291	92,873,907	79,715,461	82,836,604	75,606,571	74,198,011	77,748,234	79,971,496
Charges for Services	5,761,906	5,828,453	6,851,401	4,949,099	17,337,818	20,596,616	12,285,315	4,827,274	5,227,745	5,145,634
Capital Grants and Contributions	112,146,459	108,044,726	112,827,692	97,823,006	97,053,279	103,433,220	87,891,886	79,025,285	82,975,979	85,117,130
Total Business-Type Activities Revenues	\$ 230,784,857	\$ 227,813,053	\$ 233,071,910	\$ 237,425,335	\$ 219,907,882	\$ 240,222,419	\$ 209,822,764	\$ 177,378,476	\$ 174,828,671	\$ 158,923,458
Total Primary Government Program Revenues	\$ 21,424,097	\$ 17,354,485	\$ 7,072,081	\$ (15,102,836)	\$ 44,084,082	\$ 39,362,212	\$ 12,011,038	\$ 31,183,879	\$ 19,245,519	\$ 14,743,080
Business-Type Activities	35,634,244	47,203,119	37,238,887	(11,876,999)	(27,522,802)	11,157,003	1,246,336	(6,620,139)	817,541	9,966,618
Total Primary Government Net (Revenue)/Expense	\$ 57,258,341	\$ 64,557,604	\$ 44,310,968	\$ (26,979,735)	\$ 16,561,280	\$ 50,519,215	\$ 13,257,374	\$ 24,563,740	\$ 20,063,060	\$ 24,709,698
PROGRAM REVENUES										
Governmental Activities										
Charges for Services	\$ 89,065,815	\$ 82,889,800	\$ 86,709,779	\$ 86,222,994	\$ 73,018,310	\$ 72,013,708	\$ 70,629,736	\$ 61,592,665	\$ 63,885,662	\$ 47,300,004
Operating Grants and Contributions	10,560,612	12,406,369	10,111,198	-	-	-	-	3,992,310	1,039,223	-
Capital Grants and Contributions	19,011,971	24,472,158	23,423,241	53,379,335	49,836,293	64,775,491	51,301,142	32,768,216	26,927,807	26,506,324
Total Governmental Activities Revenues	118,638,398	119,788,327	120,244,218	139,602,329	122,854,603	136,789,199	121,950,878	96,353,191	91,852,692	73,806,328
Business-Type Activities	106,384,553	102,216,273	106,176,291	92,873,907	79,715,461	82,836,604	75,606,571	74,198,011	77,748,234	79,971,496
Charges for Services	5,761,906	5,828,453	6,851,401	4,949,099	17,337,818	20,596,616	12,285,315	4,827,274	5,227,745	5,145,634
Capital Grants and Contributions	112,146,459	108,044,726	112,827,692	97,823,006	97,053,279	103,433,220	87,891,886	79,025,285	82,975,979	85,117,130
Total Business-Type Activities Revenues	\$ 230,784,857	\$ 227,813,053	\$ 233,071,910	\$ 237,425,335	\$ 219,907,882	\$ 240,222,419	\$ 209,822,764	\$ 177,378,476	\$ 174,828,671	\$ 158,923,458
NET REVENUES (EXPENSES)										
Governmental Activities	\$ 21,424,097	\$ 17,354,485	\$ 7,072,081	\$ (15,102,836)	\$ 44,084,082	\$ 39,362,212	\$ 12,011,038	\$ 31,183,879	\$ 19,245,519	\$ 14,743,080
Business-Type Activities	35,634,244	47,203,119	37,238,887	(11,876,999)	(27,522,802)	11,157,003	1,246,336	(6,620,139)	817,541	9,966,618
Total Primary Government Net (Revenue)/Expense	\$ 57,258,341	\$ 64,557,604	\$ 44,310,968	\$ (26,979,735)	\$ 16,561,280	\$ 50,519,215	\$ 13,257,374	\$ 24,563,740	\$ 20,063,060	\$ 24,709,698

TABLE 2
(CONTINUED)

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Sewer Taxation - Member Municipalities	\$ 53,076,600	\$ 51,475,700	\$ 51,475,700	\$ 48,153,100	\$ 45,004,000	\$ 41,670,400	\$ 38,944,300	\$ 37,446,400	\$ 36,156,600	\$ 34,799,400
Miscellaneous	217,408	-	-	3,466,043	5,501,247	2,813,918	1,864,076	116,577	1,540,335	54,771
Unrestricted Investment Earnings	1,777,656	125,549	1,029,927	3,573,305	3,050,821	1,689,115	586,401	272,361	207,637	393,677
Transfers	-	-	(21,803,894)	14,108,504	12,366,415	(17,707,978)	-	-	-	-
Special Item	-	-	-	-	-	(31,414,007)	28,760,431	-	1,556,735	2,144,402
Total Governmental Activities	55,071,664	51,601,249	30,701,733	69,300,952	65,932,483	(2,948,552)	70,155,208	37,835,338	39,481,307	37,392,250
Business-Type Activities										
Miscellaneous	1,435,520	1,149,683	1,620,957	-	-	1,905,736	2,130,684	2,204,726	5,661,124	2,160,605
Unrestricted Investment Earnings	1,808,784	66,139	77,698	270,730	236,085	201,900	40,783	15,338	138,537	110,747
Transfers	-	-	21,803,894	(14,108,504)	(12,366,415)	-	(28,760,431)	-	(1,556,735)	(2,144,402)
Special Item	-	-	-	-	-	32,809,473	-	-	-	-
Total Business-Type Activities	3,244,304	1,215,822	23,502,549	(13,837,774)	(12,130,330)	34,918,109	(26,588,954)	2,220,064	4,242,926	126,950
Total Primary Government	\$ 58,315,968	\$ 52,817,071	\$ 54,204,282	\$ 55,463,178	\$ 53,802,153	\$ 31,969,557	\$ 43,566,244	\$ 40,055,402	\$ 43,704,233	\$ 37,519,200
CHANGE IN NET POSITION										
Governmental Activities	\$ 76,495,761	\$ 68,955,734	\$ 37,773,814	\$ 54,198,116	\$ 110,016,565	\$ 36,413,660	\$ 82,166,246	\$ 69,019,217	\$ 58,706,826	\$ 52,135,330
Business-Type Activities	39,078,548	48,418,941	60,741,436	(25,714,673)	(39,653,132)	46,075,112	(25,342,628)	(4,400,075)	5,060,467	10,093,568
Total Primary Government	\$ 115,574,309	\$ 117,374,675	\$ 98,515,250	\$ 28,483,443	\$ 70,363,433	\$ 82,488,772	\$ 56,823,618	\$ 64,619,142	\$ 63,767,293	\$ 62,228,898

TABLE 3

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nonspendable	\$ 4,738,949	\$ 4,119,875	\$ 3,715,448	\$ 3,403,852	\$ 3,065,322	\$ 2,851,003	\$ 3,047,848	\$ 2,987,472	\$ 2,654,631	\$ 1,980,172
Assigned	-	-	-	-	-	-	-	-	-	891,949
Unassigned	29,068,570	25,589,950	28,491,582 *	24,699,867	23,226,621	16,743,975	14,498,170	14,501,695	14,040,267	12,585,122
Total General Fund	\$ 33,807,519	\$ 29,709,825	\$ 32,207,030	\$ 28,103,719	\$ 26,291,943	\$ 19,594,978	\$ 17,546,018	\$ 17,489,167	\$ 16,694,898	\$ 15,457,243
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,957	\$ 183,283	\$ 319,960	\$ 17,034	\$ 19,951
Restricted	2,747,931	5,200,545	2,744,874	2,744,874	100,879,288	120,176,898	129,078,070	155,110,707	149,816,144	20,450,646
Committed	103,748,269	102,607,222	65,115,865 *	100,487,052	9,827,026	76,741,076	50,808,229	2,637,663	3,310,650	3,141,343
Unassigned	-	-	(31,175,587)	-	(6,272,630)	(130,243,360)	(76,526,304)	(102,328,055)	(114,364,898)	(101,036,586)
Total All Other Governmental Funds	\$ 106,495,200	\$ 107,807,767	\$ 36,685,152	\$ 103,231,926	\$ 104,433,684	\$ 66,728,571	\$ 103,543,278	\$ 55,740,275	\$ 38,778,930	\$ (77,424,646)

* Restated

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Taxation - Member Municipalities	\$ 53,076,600	\$ 51,475,700	\$ 51,475,700	\$ 48,153,100	\$ 45,004,000	\$ 41,670,400	\$ 38,944,300	\$ 37,446,400	\$ 36,156,600	\$ 34,799,400
Assessments	2,459,266	3,257,067	1,071,240	696,265	458,413	1,519,217	2,312,965	1,332,938	1,603,914	1,085,603
Sewer User Fees	83,574,020	77,362,758	83,717,134	77,482,872	63,888,022	62,678,046	60,242,461	54,083,916	57,226,390	43,062,080
Intergovernmental Revenues	29,822,275	39,557,271	33,534,439	30,203,841	53,890,725	69,199,739	55,232,126	39,706,369	29,610,377	26,439,377
Investment Income	1,777,556	1,029,927	1,255,549	3,573,305	3,060,820	1,689,115	586,401	272,361	207,637	393,677
Other Local Revenues	4,545,071	2,750,512	1,363,443	5,945,349	8,385,615	6,083,916	4,022,343	2,473,789	4,051,117	1,807,930
Total Revenues	175,254,888	174,528,857	172,191,883	166,054,732	174,687,565	182,820,433	161,340,598	135,325,773	128,856,035	107,588,067
EXPENDITURES										
Current										
General Government	11,223,405	5,002,410	4,446,417	4,548,043	4,762,419	3,436,145	3,918,725	5,471,054	4,824,078	4,071,317
Engineering and Planning	-	-	-	-	-	-	-	-	247,304	36,396
Operations	10,114,533	4,463,088	3,573,467	3,745,528	3,918,542	2,313,810	6,343,886	1,447,931	1,432,213	1,802,090
Plants And Maintenance	30,926,380	20,753,614	19,643,333	18,150,755	15,144,347	20,148,645	17,673,827	17,002,752	16,780,068	19,078,105
Employee Benefits and Other	-	18,296,717	16,194,956	15,335,071	11,162,192	10,861,861	11,034,670	7,196,385	8,900,673	8,435,751
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal Retirement	64,529,819	56,903,168	58,091,086	61,289,866	45,242,984	36,642,960	32,141,853	28,706,882	22,808,465	19,193,477
Interest	32,700,162	34,316,367	32,379,979	32,347,160	31,071,486	28,182,268	25,398,643	22,011,825	15,323,178	11,792,099
Legal Services	-	939,475	-	-	-	-	-	-	-	-
Capital Outlay	98,281,591	109,969,550	114,163,376	148,118,412	185,211,071	243,634,827	228,529,877	160,991,417	172,024,423	163,835,773
Total Expenditures	247,775,890	251,735,914	249,432,089	283,534,855	296,513,041	345,240,516	325,041,481	242,828,246	242,340,402	228,245,008
DEFICIENCY OF REVENUES OVER EXPENDITURES	(72,521,002)	(77,208,057)	(77,240,206)	(117,480,103)	(121,825,446)	(162,420,083)	(163,700,885)	(107,502,473)	(113,484,367)	(120,656,941)
OTHER FINANCING SOURCES (USES)										
Bond Proceeds	43,118,950	275,796,690	55,010,000	38,395,250	62,591,950	-	85,331,650	39,070,781	167,578,000	126,838,000
Refunding Bond Proceeds	-	6,183,190	76,065,000	58,603,410	18,301,300	-	18,301,300	-	9,931,648	-
Payment to Refunded Bond Escrow Agent	-	(7,458,978)	(76,835,985)	(68,712,098)	-	-	(21,140,765)	-	(10,757,286)	-
Loan Obligation Proceeds	24,989,581	39,913,700	30,267,733	46,067,106	79,135,454	127,654,336	91,409,817	66,786,625	36,841,772	40,364,989
Bond Premium	7,198,598	30,787,114	15,448,049	7,049,505	7,411,503	-	5,933,457	3,352,904	24,934,481	9,952,391
Payment for Clean Water Loan Escrow Agent	-	(200,711,137)	(49,825,431)	-	-	-	-	-	-	-
Premium on Refunding Bonds	-	1,322,898	-	10,539,988	-	-	2,964,849	-	840,228	-
Transfers In	95,057,819	94,234,053	91,788,595	119,345,479	91,667,990	62,444,100	80,984,336	52,502,525	36,915,679	46,793,697
Transfers Out	(95,057,819)	(94,234,053)	(91,788,595)	(93,198,519)	(74,579,373)	(62,444,100)	(52,223,905)	(52,502,525)	(35,368,944)	(44,433,983)
Total Other Financing Sources	75,307,129	145,833,467	28,229,472	118,080,121	166,227,524	127,654,336	211,560,739	109,190,310	230,925,598	179,515,104
NET CHANGE IN FUND BALANCES	2,786,127	68,625,410	(49,014,734)	610,018	44,402,078	(34,765,747)	47,859,854	1,687,837	117,441,231	58,858,163
Fund Balance - Beginning of Year	137,517,592	68,892,182	131,335,645	130,725,627	86,323,549	121,089,296	73,229,442	71,541,605	(61,697,403)	(120,825,566)
FUND BALANCE - END OF YEAR	\$ 140,303,719	\$ 137,517,592	\$ 82,320,911	\$ 131,335,645	\$ 130,725,627	\$ 86,323,549	\$ 121,089,296	\$ 73,229,442	\$ 55,743,828	\$ (61,967,403)
Debt Service as a Percentage to Noncapital Expenditures	61.99 %	61.53 %	60.72 %	62.53 %	61.39 %	53.78 %	49.22 %	63.02 %	50.10 %	50.95 %
Total Debt Service	\$ 97,229,981	\$ 93,219,535	\$ 91,410,540	\$ 93,637,026	\$ 76,314,470	\$ 64,825,228	\$ 57,540,466	\$ 50,718,707	\$ 38,131,643	\$ 30,985,576
Capitalized Capital Outlay	(60,930,706)	(100,222,938)	(98,882,354)	(133,794,027)	(172,201,352)	(224,712,443)	(208,127,036)	(182,349,655)	(166,226,160)	(167,432,856)
Noncapital Expenditures	156,845,184	151,513,976	150,549,735	149,740,808	124,311,689	120,528,073	116,914,445	80,478,591	76,114,242	60,812,152

*Restated

TABLE 5

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

Year	Hartford		East Hartford		Newington		Wethersfield		Windor		Bloomfield		Rocky Hill		West Hartford		Total Tax Levy	
2022	26.50%	\$ 14,067,500	11.80%	\$ 6,264,400	9.04%	\$ 4,799,100	8.01%	\$ 4,252,500	8.85%	\$ 4,698,600	7.29%	\$ 3,868,400	6.04%	\$ 3,206,800	22.46%	\$ 11,919,300		\$ 53,076,600
2021	25.58	13,169,100	11.69	6,015,200	9.09	4,681,000	8.19	4,214,100	8.84	4,551,500	7.40	3,808,100	6.16	3,171,200	23.05	11,865,500		51,475,700
2020	25.32	13,035,400	11.83	6,089,300	8.98	4,623,100	8.24	4,240,800	8.96	4,611,600	7.54	3,879,300	6.11	3,144,100	23.02	11,852,100		51,475,700
2019	25.70	12,372,000	11.99	5,775,200	8.97	4,318,900	8.26	3,979,400	8.88	4,274,900	7.24	3,488,600	6.04	2,909,600	22.92	11,034,500		48,153,100
2018	25.67	11,550,400	12.19	5,486,600	9.16	4,120,900	8.24	3,707,800	8.89	4,001,500	7.24	3,256,200	6.03	2,712,500	22.59	10,168,100		45,004,000
2017	26.31	10,963,200	12.14	5,059,400	9.01	3,752,900	8.18	3,408,200	8.78	3,656,900	7.36	3,067,100	5.94	2,475,800	22.28	9,286,900		41,670,400
2016	26.13	10,174,900	12.23	4,762,000	9.01	3,508,400	8.24	3,207,700	8.74	3,404,700	7.54	2,936,000	5.75	2,239,700	22.36	8,710,900		38,944,300
2015	22.88	10,298,600	9.98	4,490,100	7.30	3,287,300	6.71	3,022,000	7.16	3,222,600	6.12	2,752,400	4.79	2,153,700	18.26	8,219,700		37,446,400
2014	24.90	10,374,400	10.11	4,213,200	7.52	3,132,300	6.78	2,824,400	7.47	3,111,900	6.27	2,612,500	5.01	2,089,100	18.72	7,798,800		36,156,600
2013	28.61	9,955,500	11.39	3,964,500	8.66	3,014,900	7.92	2,756,900	8.70	3,026,500	7.43	2,584,900	5.78	2,011,100	21.51	7,485,100		34,799,400

Source: Tax warrants served on member towns.

TABLE 6

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

Year	Governmental Activities				Business-Type Activities				Total Outstanding Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Clean Water Fund Loans	Revenue Bonds	Premiums	General Obligation Bonds	Drinking Water Fund Loans	Premiums				
2022	\$ 360,843,438	\$ 433,151,230	\$ 309,455,000	\$ 71,020,930	\$ 296,016,562	\$ 55,810,939	\$ 36,552,010	\$ 1,562,850,109	9.98%	3,840	
2021	339,049,664	435,416,291	325,405,000	71,737,964	283,805,337	56,789,941	35,553,534	1,547,757,731	11.87%	4,249	
2020	301,040,982	476,391,446	252,350,000	68,379,540	246,359,019	49,861,600	28,687,419	1,423,070,006	11.23%	3,921	
2019	321,971,912	527,219,298	197,740,000	61,527,071	263,903,089	51,989,586	30,738,850	1,455,089,806	11.04%	3,523	
2018	313,429,633	510,928,231	209,180,000	49,069,482	245,900,361	53,100,633	22,838,290	1,404,446,630	10.69%	3,356	
2017	267,601,331	456,402,106	213,050,000	44,213,815	211,468,661	53,391,540	17,889,117	1,264,016,570	10.17%	3,088	
2016	280,392,899	348,839,161	216,810,000	46,665,336	222,847,089	52,742,532	19,159,532	1,187,456,549	9.87%	3,009	
2015	208,159,425	274,299,755	220,490,000	39,827,550	179,515,564	40,354,348	11,533,978	974,180,620	8.83%	2,658	
2014	226,563,565	222,701,991	224,000,000	38,318,840	120,661,852	28,789,597	6,391,577	867,427,422	8.01%	2,367	
2013	184,968,258	197,977,858	85,000,000	14,047,043	103,271,314	20,602,949	3,487,545	609,354,967	5.68%	1,665	

TABLE 7

THE METROPOLITAN DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 1,465,255,224	\$ 1,366,406,598	\$ 1,317,246,191	\$ 1,298,953,045	\$ 1,277,811,488	\$ 1,260,243,294	\$ 1,243,899,020	\$ 1,211,556,756	\$ 1,196,077,656	\$ 1,189,228,048
Total Net Debt Applicable to Limit	808,219,741	802,420,538	897,446,518	923,986,892	945,046,541	946,055,259	907,121,892	721,360,548	508,198,906	587,681,341
Legal Debt Margin	\$ 658,035,483	\$ 563,986,060	\$ 419,799,673	\$ 374,966,153	\$ 332,764,947	\$ 314,188,035	\$ 336,777,128	\$ 490,196,208	\$ 687,878,750	\$ 601,546,707
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	55.12 %	55.12 %	68.13 %	71.13 %	73.96 %	75.07 %	72.93 %	59.54 %	42.49 %	49.42 %

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

The calculation of the 2022 debt limit can be found on Table 8 of this report.

**THE METROPOLITAN DISTRICT
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN
DECEMBER 31, 2022**

Combined 2022 Grand List of Member Municipalities of the District	<u>\$ 29,325,104,473</u>
Debt Limit, 5% Thereof	1,466,255,224
Total Outstanding Debt, December 31, 2022:	
Water General Obligation Bonds	202,946,495
DWSRF Project Loan Obligations	45,103,020
Sewer General Obligation Bonds	242,293,177
CWF Project Loan Obligations	23,308,762
Clean Water Project General Obligation Bonds (b)	29,130,000
Clean Water Project Revenue Bonds (b)	309,455,000
Clean Water Project CWF Project Loan Obligations (b)	363,133,500
Combined General Obligation Bonds	182,490,329
Total Direct-Long-Term Indebtedness	<u>1,397,860,283</u>
Outstanding Bonds and Notes:	
DWSRF Interim Funding Obligation	12,117,831
CWF Interim Funding Obligation (b)	60,934,041
Total Direct Short-Term Indebtedness	<u>73,051,872</u>
 Total Direct Indebtedness	 1,470,912,155
Less Outstanding Debt Not Subject to Debt Limitation:	
Water Bonds (a)	202,946,495
DWSRF Project Loan Obligations	45,103,020
DWSRF Interim Funding Obligations	12,117,831
Clean Water Project Revenue Bonds (b)	309,455,000
Water's Share of Combined General Obligation Bonds	93,070,068
Water's Share of Outstanding Water Notes	-
Total Outstanding Debt Not Subject to Debt Limitation	<u>662,692,414</u>
 Total Debt Subject to Debt Limitation	 <u>808,219,741</u>
 Excess of Charter Debt Limitation Over Outstanding Debt	 <u>\$ 658,035,483</u>

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

(b) It is expected that these obligations issued pursuant to authorizations totaling \$1.759 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills.

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

TABLE 9

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2022	363,988	\$ 14,007,077,856	\$ 35,783	38.9	47,693	8.92 %
2021 *	364,263	13,034,465,340	35,783	38.9	48,826	8.92
2020	362,937	12,667,977,702	34,904	38.6	50,732	9.88
2019	364,173	11,617,225,185	31,900	38.4	51,749	6.08
2018	364,869	11,454,126,993	31,392	38.4	52,260	5.18
2017	364,393	11,070,762,172	30,381	38.3	52,921	6.14
2016	365,289	11,143,038,584	30,505	38.2	55,234	6.84
2015	366,470	11,026,722,853	30,089	38.1	53,358	7.64
2014	366,406	10,835,873,742	29,573	38.0	53,860	9.64
2013	366,019	10,731,053,662	29,318	38.0	53,899	10.53

Sources: Town ACFRs

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

*Bloomfield's 2022 data was not available. 2021 data was used instead.

TABLE 10

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Officials/Administrators	30	30	28	36	31	32	34	32	33	31
Other Administrative	25	30	32	33	31	30	32	33	35	34
Professional/Technical	148	162	162	160	164	166	170	174	172	167
Protective Service	7	6	12	10	8	8	8	8	9	9
Skilled Craft, Service/Maintenance	228	234	227	240	240	246	265	275	275	278
Total	<u>438</u>	<u>462</u>	<u>461</u>	<u>479</u>	<u>474</u>	<u>482</u>	<u>509</u>	<u>522</u>	<u>524</u>	<u>519</u>

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

Source: Budget analysis from data provided by Human Resources.

TABLE 11

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water Operations:										
Miles of Water Mains Added	(1.22)	0.63	0.12	3.04	3.71	0.77	1.56	2.10	5.58	2.00
Total Miles of Water Mains	1,579	1,579	1,562	1,562	1,557	1,554	1,553	1,551	1,549	1,543
Water Connections Made	101,879	101,816	101,731	102,184	102,051	101,836	101,599	101,446	101,217	102,669
Average Daily Consumption (Millions of Gallons)	46.38	45.98	47.63	45.80	37.34	39.30	39.59	40.07	42.02	40.25
Maximum Consumption (Millions of Gallons Daily)	65.3	65.46	69.89	63.65	68.80	61.70	71.94	70.09	69.59	71.84
Minimum Consumption (Millions of Gallons Daily)	37.45	38.62	38.15	38.94	37.84	39.20	39.9	37.57	38.46	35.85
Number of Hydrants	10,203	10,189	10,216	10,166	10,720	10,329	10,197	11,238	11,484	11,238
Number of Meters	100,814	100,608	100,452	98,250	99,946	98,239	102,987	101,400	102,828	103,340
Plant Capacity (Millions of Gallons)	126	126	126	126	126	126	126	126	126	126

Source: MDC Budgets

TABLE 12

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sewer Operations:										
Miles of Sewer Mains Added	0.44	0.92	2.43	0.81	1.20	(0.34)	1.57	2.89	2.80	3.37
Total Miles of Sanitary Sewers	1096.70	1,095.61	1,092.67	1,090.24	1,089.43	1,088.23	1,088.57	1,087.47	1,084.04	1,081.24
Miles of Combined Sewers	149	149	159	159	159	159	159	159	160	160
Miles of Storm Sewers	105	105	79	79	79	78	79	79	76	76
Sewer Connections Made	91,843	91,506	91,376	91,208	91,037	91,011	90,728	90,566	90,666	90,220
Average Daily Flow (Millions of Gallons)	67.71	80.35	72.30	79.42	80.70	65.20	56.70	60.50	65.30	66.00
Estimated Sewer Connections	0	0	0	0	91,011	91,011	90,728	90,566	90,666	90,220
Plant Capacity (Millions of Gallons)	85	85	105	105	105	105	105	105	105	105

Source: MDC Budgets

CLOSEOUT OF WATER, SEWER, COMBINED & CLEAN WATER PROJECTS

To: Board of Finance for consideration on July 10, 2023

The following represents 29 Capital Projects and 5 Clean Water Projects for your review and approval to close. Capital projects listed here have been reviewed and staff has concluded that these projects have been completed, cancelled or had a change of scope to the project. As a result, the remaining funds are no longer required and we are now requesting that the funds be deauthorized.

Sewer projects that are deauthorized with a remaining balance will increase our ability to issue more debt by this balance, while water funded projects that are deauthorized do not affect our debt limit.

Clean Water projects have no remaining balances as any remaining balances have been liquidated and transferred to fund other projects.

A brief summary is below:

	Appropriation	Expended Amount	Remaining Balance (Deauthorize)
Water (11)	\$ 35,005,641.29	\$ 30,027,232.07	\$ 4,978,409.22
Sewer (14)	42,658,209.00	24,802,668.28	17,855,540.72
Combined (4)	14,300,000.00	11,493,882.60	2,806,117.40
Total - Capital (29)	\$ 91,963,850.29	\$ 66,323,782.95	\$ 25,640,067.34
Clean Water I (2)	\$ 39,785,790.76	\$ 39,785,790.76	-
Clean Water II (3)	182,840,198.20	182,840,198.20	-
Total - Clean Water (5)	\$ 222,625,988.96	\$ 222,625,988.96	-

Finance has worked diligently with Procurement, Engineering, Facilities & Maintenance, Water Pollution Control and Water Treatment to review all of the following projects for closure.

WATER CAPITAL PROJECTS

Project Definition	Year	BA	Project Description	Town	Appropriation	Expended Amount	Remaining Balance (Deauthorize)
C-99M12/WAT.CW1329.01	2012	2120	Radio Frequency Automated Meter Reading	Various	\$ 5,000,000.00	\$ 4,242,335.85	\$ 757,664.15
	2012 Total				5,000,000.00	4,242,335.85	757,664.15
C-13002/WAT.CW1359.01	2013	2120	Asset Management Water Main Replacement	Various	4,460,000.00	3,054,136.20	1,405,863.80
C-13003/WAT.CW1362.02	2013	2120	Water Treatment Facilities Upgrades	Various	2,160,000.00	1,461,163.24	698,836.76
C-13010/WAT.CW1385.01	2013	2120	General Purpose Water	Various	3,860,000.00	3,829,950.27	30,049.73
	2013 Total				10,480,000.00	8,345,249.71	2,134,750.29
C-14002/WDS.DM0114.01	2014	2120	Water Main Replacement-Wethersfield	Wethersfield	3,700,000.00	2,683,704.93	1,016,295.07
C-14011/WTF.TP0014.01	2014	2120	Water Treatment Facilities Upgrades	Various	2,300,000.00	2,244,860.24	55,139.76
	2014 Total				6,000,000.00	4,928,565.17	1,071,434.83
C-17000/WDS.DM0017.01	2017	2120	General Purpose Water Program	Various	2,000,000.00	1,991,725.01	8,274.99
	2017 Total				2,000,000.00	1,991,725.01	8,274.99
C-18000/WDS.DM0018.01	2018	2120	General Purpose Water	Various	2,000,000.00	1,986,065.50	13,934.50
	2018 Total				2,000,000.00	1,986,065.50	13,934.50
C-19005/WDS.DM1019.06	2019	2120	Oakwood Avenue Area Water Main Replacement - Phases I & II	West Hartford	3,000,000.00	2,007,649.54	992,350.46
C-99P19	2019	2120	Paving Program & Restoration	Various	5,000,000.00	5,000,000.00	-
	2019 Total				8,000,000.00	7,007,649.54	992,350.46
C-21017	2021	2120	AWMR-Contract#3 Change Order #5	Various	1,525,641.29	1,525,641.29	-
	2021 Total				1,525,641.29	1,525,641.29	-
	Grand Total				\$ 35,005,641.29	\$ 30,027,232.07	\$ 4,978,409.22

SEWER CAPITAL PROJECTS

Project Definition	Year	BA	Project Description	Town	Appropriation	Expended Amount	Remaining Balance (Deauthorize)
C-09003/WVA.CS1135.01	2009	2110	Hartford Odor Control Construction	Hartford	\$ 4,888,000.00	\$ 3,396,121.13	\$ 1,491,878.87
	2009 Total				4,888,000.00	3,396,121.13	1,491,878.87
C-11004/WVA.CS1167.01	2011	2110	2011 WPC Renewal & Replacements	Various	2,250,000.00	2,168,835.54	81,164.46
	2011 Total				2,250,000.00	2,168,835.54	81,164.46
C-12004/WVA.CS1175.01	2012	2110	2012 Fishfry Pump St Upgrade	Hartford	1,472,000.00	176,199.45	1,295,800.55
	2012 Total				1,472,000.00	176,199.45	1,295,800.55
C-13008/WVA.CS1219.01	2013	2110	WPC Plant Infrastructure Renewal and Replacements	Various	1,090,000.00	806,727.24	283,272.76
C-13009/WVA.CS1220.01	2013	2110	WPC SCADA Upgrades	Various	1,260,000.00	744,444.70	515,555.30
	2013 Total				2,350,000.00	1,551,171.94	798,828.06
C-14012/SCS.SR0014.04	2014	2110	Various Sewer Pipe Replacement/Rehab District Wide	Various	5,000,000.00	3,955,289.86	1,044,710.14
	2014 Total				5,000,000.00	3,955,289.86	1,044,710.14
C-15013/WPC.FA0115.02	2015	2110	Hartford WPCF FOG Receiving Facility (GT Solids)	Hartford	3,600,000.00	-	3,600,000.00
C-15014/WPC.FA0115.03	2015	2110	Hartford WPCF Odor Control Construction (GT Solids)	Hartford	5,000,000.00	-	5,000,000.00
C-15022/SCS.SR0015.02	2015	2110	CCTV Generated Sewer Contract	Hartford	1,200,000.00	464,835.17	735,164.83
C-15024/SCS.SR0015.05	2015	2110	Sanitary Sewer Easement Acquisitions & Improvements	Various	3,600,000.00	3,298,238.91	301,761.09
C-15028/SCS.SR0015.04	2015	2110	General Purpose Sewer	Various	2,698,209.00	2,619,738.27	78,470.73
	2015 Total				16,098,209.00	6,382,812.35	9,715,396.65
C-19014/SCS.SR1019.05	2019	2110	2019 Oakwood Avenue Area Sewer Replacement - Phase I	West Hartford	7,000,000.00	3,572,238.01	3,427,761.99
C-99P19	2019	2110	2019 Paving Program & Restoration	Various	3,000,000.00	3,000,000.00	-
	2019 Total				10,000,000.00	6,572,238.01	3,427,761.99
C-21000	2021	2110	2021 New Park Avenue Sewer Replacement	West Hartford	600,000.00	600,000.00	-
	2021 Total				600,000.00	600,000.00	-
	Grand Total				\$ 42,658,209.00	\$ 24,802,668.28	\$ 17,855,540.72

COMBINED CAPITAL PROJECTS

Project Definition	Year	BA	Project Description	Town	Appropriation	Expended Amount	Remaining Balance (Deauthorize)
C1H02	2022	2130	Survey & Construction	MDC	\$ 2,500,000.00	\$ 1,732,245.06	\$ 767,754.94
C1H03	2022	2130	Engineering Services	MDC	4,800,000.00	3,779,000.44	1,020,999.56
C1H04	2022	2130	Construction Services	MDC	2,000,000.00	1,484,958.37	515,041.63
C1H05	2022	2130	Technical Services	MDC	5,000,000.00	4,497,678.73	502,321.27
	2022 Total				\$ 14,300,000.00	\$ 11,493,882.60	\$ 2,806,117.40

CLEAN WATER FUND PROJECT PROGRAMS

Project Definition	Year	BA	Project Description	Town	Appropriation	Expended Amount	Remaining Balance (Deauthorize)
C-15004/CW1.CONSBR.03	2015	2300	Kane Brook Design	Hartford	\$ 1,157,311.77	\$ 1,157,311.77	\$ -
C-15037/CW1.TUNTHS.00	2015	2300	South Hartford Conveyance Tunnel Design & Contract 1	MDC	38,628,478.99	38,628,478.99	-
		2300 Total			39,785,790.76	39,785,790.76	-
C-14000/CW2.WTFHAR.21	2014	2400	Wet Weather Expansion Project #2012-21	Hartford	181,897,496.02	181,897,496.02	-
C-15033/CW2.TUNSTH.04	2015	2400	South Hartford Conveyance Tunnel Contract #4	Hartford	50,000.00	50,000.00	-
C-16012/CW2.NSSGRA.04	2016	2400	Sanitary Sewer Evaluation Bloomfield	Hartford	892,702.18	892,702.18	-
		2400 Total			182,840,198.20	182,840,198.20	-
		Grand Total			\$ 222,625,988.96	\$ 222,625,988.96	\$ -

After reviewing the information contained herein

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolution:

Resolved: That the District Board approves appropriation closeouts for the projects listed above.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

**SUPPLEMENTAL APPROPRIATION OF \$129,900,000 FOR 2023
INTEGRATED PLAN AND AUTHORIZATION FOR ISSUANCE OF BONDS OR NOTES
NOT TO EXCEED \$129,900,000**

To: Board of Finance for consideration on July 10, 2023

The following is a list of the recommended **additional** Integrated Planning programs and Project to be funded through the MDC due to current proposals with DEEP to prioritize Project in North Hartford. Each is considered to be a separate undertaking in accordance with Section 3-11 of the Charter of the Metropolitan District.

Integrated Plan

New authorizations

Sewer & Lateral Rehabilitation in North Branch Park River Drainage Area	\$ 36,120,000
Sewer & Lateral Rehabilitation in Gully Brook Drainage Area	\$33,600,000
Sewer & Lateral Rehabilitation in North Meadows Drainage Area (NM 5/6/7)	\$17,280,000
Sewer & Lateral Rehabilitation in North Meadows Drainage Area (NM 2/3/4)	\$5,520,000
Expedited Sewer Separation Contracts in North Hartford	\$15,000,000
Backwater Valve Program and Private Property Inflow Disconnections in North Hartford	\$12,200,000
Lateral Repair/Replacement/Rehabilitation Program - District Wide	\$4,000,000

Increase Existing Authorization

Program Management Consultant	\$1,180,000
Various Sewer Pipe Replacement/Rehabilitation – District Wide	\$5,000,000

Additional Integrated Plan Total **\$ 129,900,000**

Program – Sewer & Lateral Rehabilitation in North Branch Park River Drainage Area

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$36,120,000		2600

Description

Design and construction of sewers and laterals within the North Branch Park River Drainage area. This Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. Work being completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan as a way to reduce Combined Sewer Overflow volumes through Inflow and Infiltration Removals. District forces may be utilized for this Program. The District costs may include salary, benefits and overhead.

Purpose

To rehabilitate, upgrade or replace aging sewer pipelines, laterals and structures within the North Branch Park River Drainage area.

Future Appropriations

No additional appropriation requests for this Project are anticipated over the next four years.

Bond Language

The sum of \$36,120,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the North Branch Park River Drainage Area. The PProject will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The Project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the PProject. The District costs may include salary, benefits and overhead. The District’s Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District’s Rate Stabilization fund.

Program – Sewer & Lateral Rehabilitation in Gully Brook Drainage Area

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$33,600,000		2600

Description

Design and construction of sewer and laterals within the Gully Brook Drainage area. This Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. Work being completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan as a way to reduce Combined Sewer Overflow volumes through Inflow and Infiltration Removals. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

To rehabilitate, upgrade or replace aging sewer pipelines, laterals and structures within the Gully Brook Drainage area.

Future Appropriations

No additional appropriation requests for this Project are anticipated over the next four years.

Bond Language

The sum of \$33,600,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the Gully Brook Drainage Area. The Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The Project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District’s Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental

Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District's Rate Stabilization fund.

Program – Sewer & Lateral Rehabilitation in North Meadows Drainage Area (NM 5/6/7)

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$17,280,000		2600

Description

Design and construction of sewer and laterals within the North Meadows Drainage area in the vicinity of the Combined Sewer Overflows NM-5, NM-6, and NM-7. This Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. Work being completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan as a way to reduce Combined Sewer Overflow volumes through Inflow and Infiltration Removals. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

To rehabilitate, upgrade or replace aging sewer pipelines, laterals and structures within the North Meadows Drainage area in the vicinity of CSOs NM-5, NM-6 and NM-7 in North Hartford.

Future Appropriations

No additional appropriation requests for this Project are anticipated over the next four years.

Bond Language

The sum of \$17,280,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the North Meadows Drainage Area in the vicinity of Combined Sewer Overflows NM-5, NM-6 and NM-7. The PProject will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The Project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District's Rate Stabilization fund.

Program – Sewer & Lateral Rehabilitation in North Meadows Drainage Area (NM 2/3/4)

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$5,520,000		2600

Description

Design and construction of sewer and laterals within the North Meadows Drainage area in the vicinity of Combined Sewer Overflows NM-2, NM-3, and NM-4. This Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. Work being completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan as a way to reduce Combined Sewer Overflow volumes through Inflow and Infiltration Removals. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

To rehabilitate, upgrade or replace aging sewer pipelines, laterals and structures within the North Meadows Drainage area in the vicinity of CSOs NM-2, NM-3 and NM-4 in North Hartford.

Future Appropriations

No additional appropriation requests for this Project are anticipated over the next four years.

Bond Language

The sum of \$5,520,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the North Meadows Drainage Area in the vicinity of Combined Sewer Overflows NM-2, NM-3 and NM-4. The Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The Project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District’s Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District’s Rate Stabilization fund.

Program – Expedited Sewer Separation Contracts in North Hartford

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$15,000,000		2600

Description

Design and construction of new sanitary and/or storm sewers and laterals located within the North Branch Park River Drainage area, Gully Brook Drainage area, and North Meadows Drainage area as necessary to complete sewer separation work. Work being completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan as a way to reduce Combined Sewer Overflow volumes through Inflow and Infiltration Removals and may include costs associated with relocation of adjacent utilities. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

To eliminate and reduce the inflow and infiltration sources in North Hartford.

Future Appropriations

Additional appropriation requests for this Project may be anticipated in the future

Bond Language

The sum of \$15,000,000 is hereby appropriated for planning, design, and construction of new sanitary and/or storm water sewers and laterals within the North Branch Park River Drainage Area, Gully Brook Drainage Area and North Meadows Drainage Area as necessary to complete sewer separation work. The PProject will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan and may include costs associated with the relocation of adjacent utilities. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District’s Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District’s Rate Stabilization fund.

Program – Backwater Valve Program and Private Property Inflow Disconnections in North Hartford

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$12,200,000		2600

Description

This program will include the inspection of private property sewer laterals in order to identify defects and/or infiltration sources within the North Branch Park River Drainage area, Gully Brook Drainage area, and North Meadows Drainage area. The program will also include the installation and or replacement of backwater, and/or additional work required to remove private inflow sources as needed to protect customers from sewer surcharging. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

To reduce or remove private inflow and infiltration sources in the North Branch Park River Drainage area, Gully Brook Drainage area and North Meadows Drainage area.

Future Appropriations

Additional appropriation requests for this Project may be anticipated in the future.

Bond Language

The sum of \$12,200,000 is hereby appropriated for the inspection of private property sewer laterals to identify defects and/or infiltration sources within the North Branch Park River Drainage Area, Gully Brook Drainage Area and North Meadows Drainage Area. The program will include the installation and/or replacement of backwater valves and/or work required to remove private inflow sources as needed to protect customers from sewer surcharging. The appropriation may also be expended for inspection, design and construction costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District

costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District's Rate Stabilization fund.

Program – Lateral Repair/Replacement/Rehabilitation Program – District Wide

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$4,000,000		2600

Description

Design and construction of sewer laterals District-wide (not North Hartford). This Project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The replacement, rehabilitation and or upgrade of District equipment. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

Replacement, rehabilitation and/or upgrade of sewer laterals District Wide.

Future Appropriations

Additional appropriation requests for this Project may be anticipated in the future

Bond Language

The sum of \$4,000,000 is hereby appropriated for the design and construction of sewer laterals District-wide. The appropriation may be expended for repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The appropriation may also be expended for design, inspection and construction costs, engineering and professional fees, mechanical, electrical, structural and architectural improvements, instrumentation, materials, equipment, legal fees and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project may be funded from the District's Rate Stabilization fund.

Program – Program Management Consultant

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$1,180,000		2600

Description

To satisfy the Program Management Consultant requirement for Consent Order Compliance, including legal fees, financing costs, professional fees, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead.

Purpose

To comply with Consent Order terms.

Future Appropriations

Additional appropriation requests for this Project are anticipated over the next four years.

Bond Language

The sum of \$1,180,000 is hereby appropriated for Project management consultants to ensure compliance with the Consent Order. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. This appropriation is in addition to the appropriation of \$4,000,000 approved on December 5, 2022 by the District’s Board of Directors. The District’s Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project.

Funding Sources

Project may be funded from the District’s Rate Stabilization fund.

Program – Various Sewer Pipe Replacements/Rehabilitations – District Wide

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$5,000,000		2600

Description

Design and construction of sewer system repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure located District-wide. The replacement, rehabilitation and or upgrade of District equipment. District forces may be utilized for this program. The District costs may include salary, benefits and overhead.

Purpose

To rehabilitate, upgrade or replace aging sewer pipelines and structures.

Future Appropriations

Additional appropriation requests for this Project may be anticipated in the future.

Bond Language

The sum of \$5,000,000 is hereby appropriated for the planning, design and construction of the replacement and/or rehabilitation of existing sewer mains, pump stations and any related collection system appurtenances at various locations within the District, including upgrades to District equipment, electrical, mechanical, and renewable energy upgrades in addition to facility upgrades and site work at wastewater treatment facilities. The appropriation may also be expended for water main replacements, construction and inspection costs, engineering and professional fees, materials, the replacement, rehabilitation and upgrade of District’s transportation and power

operated equipment fleet and related components, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the Project and for the payment of debt service on bonds or notes issued to pay for the Project. This appropriation is in addition to the appropriation of \$8,925,000 approved on December 5, 2022 by the District's Board of Directors.

Funding Sources

Project is eligible for a 50% grant from the Connecticut Department of Energy and Environmental Protection (DEEP) and is expected to be made available. The remaining 50% may be funded from a combination of loan under the State of Connecticut Clean Water Fund (subject to priority ranking and fund availability) and the District's Rate Stabilization fund.

It is **RECOMMENDED** that it be

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

RESOLUTION MAKING A SUPPLEMENTAL APPROPRIATION OF \$129,900,000 FOR THE DISTRICT'S 2023 INTEGRATED PLAN AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$129,900,000 TO FINANCE SAID APPROPRIATION

WHEREAS, the District Board has resolved to make a supplemental appropriation and issue bonds or notes of the District for those Integrated Plan projects described in Resolutions Nos. 1 through 9 herein; and

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

NOW, THEREFORE, BE IT RESOLVED:

Section 1. \$129,900,000 is hereby appropriated for the Integrated Plan projects set forth herein in the 2023 Supplemental Integrated Plan Project Resolutions Nos. 1 through 9, inclusive (collectively, referred to herein as the "Resolutions"), and bonds or notes of the District in an amount not to exceed \$129,900,000 are authorized to be issued to finance said appropriation. This appropriation is in addition to the appropriation of \$144,573,750 approved on December 5, 2022 by the District's Board of Commissioners, and represents the aggregate amount of the appropriation and authorizations set forth in the Resolutions. The bonds are authorized to be issued in one or more series in accordance with the applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds shall be hereafter determined by the District Board acting in accordance with the District's Charter. Said bonds shall be issued in fully

registered form, be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or the Deputy Treasurer, and bear the District seal or a facsimile thereof. The bonds may be secured by the full faith and credit of the District and/or by special revenues of the District pledged thereto by the District Board, in accordance with Connecticut laws and the District's Charter. Each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with and that such bond is within every debt and other limit prescribed by law. The aggregate principal amount of the bonds to be issued, the form of issuance as serial, term or discount bonds, the dated date, final maturity, annual installments of principal, whether interest on the bonds will be fixed or variable, the rate or rates of interest, or method of determining interest rates thereon, whether such interest shall be excluded or included in gross income for federal income tax purposes, denominations, terms of redemption, if any, the date, time of issue and sale and all other terms, details and particulars of such bonds shall be determined by the District Board, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance. It is hereby found and determined that the issuance of any such bonds the interest on which is included in gross income for federal income tax purposes is in the public interest. The bonds may be sold by competitive bid or negotiated sale, as determined by the District Board. If sold by negotiated sale, the form and details of the bond purchase agreement for the sale of the bonds shall be determined by the District Board.

Section 2. The Treasurer and the Deputy Treasurer are authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes or certificates of indebtedness evidencing such borrowings may be sold by competitive bid or negotiated sale, as determined by the Treasurer or Deputy Treasurer, in such manner as shall be determined by said officers. Said notes or certificates of indebtedness shall be issued in fully registered form, be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer, and bear the District seal or a facsimile thereof. The notes or certificates of indebtedness may be secured by the full faith and credit of the District and/ or by special revenues of the District pledged thereto by the District Board, in accordance with Connecticut laws and the District's Charter. Each of the notes shall recite that every requirement of law relating to its issue has been duly complied with and that such note is within every debt and other limit prescribed by law. The net interest cost on such notes or certificates of indebtedness, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of the bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on such notes or certificates of indebtedness then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 3. In connection with the issuance of the bonds, notes or certificates of indebtedness authorized hereunder and pursuant to the Resolutions ("Authorized Obligations"), the District Board is hereby authorized to approve the terms and conditions of, including necessary covenants, limitations and restrictions on, the District necessary to obtain standby bond purchase agreements, letters of credit, lines of credit, financial guaranty insurance policies, guarantees of the District or third parties, surety agreements or any similar agreements ("Credit Facilities") with one or more financial institutions providing Credit Facilities ("Credit Facility Providers") to provide for additional security for and the purchase upon tender of the

Authorized Obligations, if any, under circumstances set forth in the Indentures (defined herein). Credit Facilities shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer.

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

Section 5. In connection with the issuance of Authorized Obligations bearing interest at variable interest rates, the District Board is hereby authorized to approve the terms and conditions of, including necessary covenants, limitations and restrictions on the District necessary to enter into, remarketing agreements, broker-dealer agreements, auction agency agreements and other agreements (the “Reoffering Agreements”) with remarketing agents, investment banking firms or other financial institutions to be appointed by the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer (“Reoffering Agents”), which provide for, among other things, the terms and conditions for reoffering Authorized Obligations bearing interest at variable interest rates, the Reoffering Agents’ compensation and the disclosure of the District’s financial condition. Reoffering Agreements shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer.

Section 6. In connection with the issuance of Authorized Obligations, if permitted by Connecticut laws and the District’s Charter, the District Board is hereby authorized to approve the terms and conditions of, including necessary covenants, limitations and restrictions on the District necessary to obtain an interest rate swap agreement, together with applicable annexes, schedules and confirmations thereto, contracts to manage interest rate risk, including interest rate caps, options, puts, calls or similar arrangements, or such other agreements permitted by Connecticut laws and the District’s Charter (“Swap Agreements”), with one or more counterparties to be selected by the Chairman or Vice Chairman and Treasurer or Deputy Treasurer, as Swap Provider (the “Swap Providers”), which provides for, among other things,

the effective date or dates of the Swap Agreements, the rate of interest to be paid by the District to the Swap Providers on the principal amount of the bonds (which may be a fixed rate or a variable rate based on an index determined by the Chairman or Vice Chairman and Treasurer or Deputy Treasurer), the rate of interest to be received by the District from the Swap Providers (which may be a fixed rate or a variable rate based on an index determined by the Chairman or Vice Chairman and Treasurer or Deputy Treasurer), the payment of certain fees, the imposition of certain covenants, limitations and restrictions on the District and the execution of various other instruments. Swap Agreements shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer. To the extent provided by Connecticut laws, the full faith and credit of the District may be pledged to any and all payments to be made by the District with respect to the Swap Agreements, including, any termination or netting payments to be made by the District.

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

Section 8. The District hereby expresses its official intent pursuant to Treasury Regulations Section 1.150-2 to reimburse expenditures of not more than \$129,900,000 paid up to 60 days prior to the date of passage of this Resolution in connection with the Resolutions with the proceeds of Authorized Obligations, Drinking Water Obligations or Clean Water Fund Obligations. Said obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or such later date as such Regulations may authorize. The District hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Chairman or Vice Chairman and the Treasurer or Deputy Treasurer is each individually authorized to pay project expenses in accordance herewith pending the issuance of the Authorized Obligations. This Section is included herein solely for purposes of compliance with Treasury Regulations Section 1.150-2 and may not be used or relied on for any other purpose.

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

Section 10. The provisions contained in Sections 1 through 9 of this Resolution shall apply to the 2023 Supplemental Integrated Plan Project Resolutions Nos. 1 through 9, inclusive, herein; and the District Board hereby finds and determines that each project described in Resolutions Nos. 1 through 9 is a single item of capital expense not regularly recurring.

Section 11. In accordance with Section 2 of Public Act No. 15-114, the Board of Commissioners anticipates that fifty percent (50%) of the amount appropriated for each individual project specified in Resolutions No. 1 through 6 and Resolution No. 9 shall be funded by grants.

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 1

RESOLUTION APPROPRIATING \$36,120,000 FOR SEWER AND LATERAL REHABILITATION IN THE NORTH BRANCH PARK RIVER DRAINAGE AREA AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$36,120,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$36,120,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the North Branch Park River Drainage Area. The project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the project. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$36,120,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

Section 3. The Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer are authorized in the name and on behalf of the District to apply for and accept any and all federal and state loans and/or grants-in-aid for the project and are further authorized to expend said funds in accordance with the terms thereof. To meet any portion of the costs of the project determined by the State of Connecticut Department of Energy and Environmental Protection to be eligible for funding under Section 22a-475 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended (the "Clean Water Fund Program"), the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations ("Clean Water Fund Obligations")

as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance. Clean Water Fund Obligations, project loan and project grant agreements and any other instruments, agreements or certificates under the Clean Water Fund Program shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer, and bear the District seal or a facsimile thereof. The aggregate principal amount of the Clean Water Fund Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Clean Water Fund Obligations, subject to the provisions of the Clean Water Fund Program, shall be determined by the District Board, following recommendation of the Board of Finance. Clean Water Fund Obligations may be secured by the full faith and credit of the District and/or by special revenues of the District pledged thereto by the District Board in accordance with Connecticut laws and the District's Charter. Each of the Clean Water Fund Obligations shall recite that every requirement of law relating to its issue has been duly complied with and that such obligation is within every debt and other limit prescribed by law.

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 2

RESOLUTION APPROPRIATING \$33,600,000 FOR SEWER AND LATERAL REHABILITATION IN THE GULLY BROOK DRAINAGE AREA AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$33,600,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$33,600,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the Gully Brook Drainage Area. The project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the project. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$33,600,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

Section 3. The Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer are authorized in the name and on behalf of the District to apply for and accept any and all federal and state loans and/or grants-in-aid for the project and are further authorized to

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

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 3

RESOLUTION APPROPRIATING \$17,280,000 FOR SEWER AND LATERAL REHABILITATION IN THE NORTH MEADOWS DRAINAGE AREA (NM-5, NM-6 AND NM-7) AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$17,280,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$17,280,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the North Meadows Drainage Area in the vicinity of Combined Sewer Overflows NM-5, NM-6 and NM-7. The project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the project. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$17,280,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but

unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

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

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 4

RESOLUTION APPROPRIATING \$5,520,000 FOR SEWER AND LATERAL REHABILITATION IN THE NORTH MEADOWS DRAINAGE AREA (NM-2, NM-3 AND NM-4) AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$5,520,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$5,520,000 is hereby appropriated for the planning, design and construction of sewers and laterals within the North Meadows Drainage Area in the vicinity of Combined Sewer Overflows NM-2, NM-3 and NM-4. The project will include repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the project. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$5,520,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

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

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 5

RESOLUTION APPROPRIATING \$15,000,000 FOR EXPEDITED SEWER SEPARATION CONTRACTS IN NORTH HARTFORD AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$15,000,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$15,000,000 is hereby appropriated for planning, design, and construction of new sanitary and/or storm water sewers and laterals within the North Branch Park River Drainage Area, Gully Brook Drainage Area and North Meadows Drainage Area as necessary to complete sewer separation work. The project will be completed in accordance with the Combined Sewer Overflow Long Term Control Plan/Integrated Plan and may include

costs associated with the relocation of adjacent utilities. The appropriation may also be expended for construction and inspection costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the project. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$15,000,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

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

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 6

RESOLUTION APPROPRIATING \$12,200,000 FOR THE BACKWATER VALVE PROGRAM AND PRIVATE PROPERTY INFLOW DISCONNECTIONS IN NORTH HARTFORD AND

AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$12,200,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$12,200,000 is hereby appropriated for the inspection of private property sewer laterals to identify defects and/or infiltration sources within the North Branch Park River Drainage Area, Gully Brook Drainage Area and North Meadows Drainage Area. The program will include the installation and/or replacement of backwater valves and/or work required to remove private inflow sources as needed to protect customers from sewer surcharging. The appropriation may also be expended for inspection, design and construction costs, engineering and professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the project. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$12,200,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

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

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 7

RESOLUTION APPROPRIATING \$4,000,000 FOR THE REPAIR, REPLACEMENT AND REHABILITATION OF SEWER LATERALS IN THE DISTRICT

Section 1. The sum of \$4,000,000 is hereby appropriated for the design and construction of sewer laterals District-wide. The appropriation may be expended for repairs, replacements and rehabilitation measures as a result of aging and deteriorating infrastructure. The appropriation may also be expended for design, inspection and construction costs, engineering and professional fees, mechanical, electrical, structural and architectural improvements, instrumentation, materials, equipment, legal fees and other costs related to the projects. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$4,000,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 8

RESOLUTION APPROPRIATING \$1,180,000 FOR PROJECT MANAGEMENT CONSULTANTS

Section 1. The sum of \$1,180,000 is hereby appropriated for project management consultants to ensure compliance with the Consent Order. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. This appropriation is in addition to the appropriation of \$4,000,000 approved on December 5, 2022 by the District's Board of Commissioners. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project.

Section 2. To finance said appropriation, \$1,180,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but

unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

2023 SUPPLEMENTAL INTEGRATED PLAN PROJECT RESOLUTION NO. 9

RESOLUTION APPROPRIATING \$5,000,000 FOR VARIOUS SEWER PIPE REPLACEMENTS AND REHABILITATIONS AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$5,000,000 TO FINANCE SAID APPROPRIATION

Section 1. The sum of \$5,000,000 is hereby appropriated for the planning, design and construction of the replacement and/or rehabilitation of existing sewer mains, pump stations and any related collection system appurtenances at various locations within the District, including upgrades to District equipment, electrical, mechanical, and renewable energy upgrades in addition to facility upgrades and site work at wastewater treatment facilities. The appropriation may also be expended for water main replacements, construction and inspection costs, engineering and professional fees, materials, the replacement, rehabilitation and upgrade of District's transportation and power operated equipment fleet and related components, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the projects. District resources may be utilized for the projects. The District costs may include salary, benefits and overhead. The District's Rate Stabilization Fund may be utilized as a funding source for the project and for the payment of debt service on bonds or notes issued to pay for the project. This appropriation is in addition to the appropriation of \$8,925,000 approved on December 5, 2022 by the District's Board of Commissioners.

Section 2. To finance said appropriation, \$5,000,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. The form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

Section 3. The Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer are authorized in the name and on behalf of the District to apply for and accept any and all federal and state loans and/or grants-in-aid for the project and are further authorized to expend said funds in accordance with the terms thereof. To meet any portion of the costs of the project determined by the State of Connecticut Department of Energy and Environmental Protection to be eligible for funding under Section 22a-475 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended (the "Clean Water Fund Program"), the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations ("Clean Water Fund Obligations") as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance. Clean Water Fund Obligations, project loan and project grant agreements and any other instruments, agreements or certificates under the Clean Water Fund Program shall be executed in the name and on behalf of

the District by the manual or facsimile signatures of the Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer, and bear the District seal or a facsimile thereof. The aggregate principal amount of the Clean Water Fund Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Clean Water Fund Obligations, subject to the provisions of the Clean Water Fund Program, shall be determined by the District Board, following recommendation of the Board of Finance. Clean Water Fund Obligations may be secured by the full faith and credit of the District and/or by special revenues of the District pledged thereto by the District Board in accordance with Connecticut laws and the District's Charter. Each of the Clean Water Fund Obligations shall recite that every requirement of law relating to its issue has been duly complied with and that such obligation is within every debt and other limit prescribed by law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott W. Jellison". The signature is stylized and cursive.

Scott W. Jellison
Chief Executive Officer