



**BOARD OF FINANCE
REGULAR MEETING
MONDAY, JUNE 24, 2024
5:30 PM**

<u>Location</u>	<u>Commissioners</u>	<u>Citizen Members</u>
Board Room District Headquarters 555 Main Street, Hartford	Adil Currey (Ex-Officio) Hoffman (VC) Salemi (C)	Iacovazzi King-Corbin Russo Tsegai
Dial in #: (415)-655-0001 Access Code: 2304 980 6390# Meeting Video Link	Quorum: 5	

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF MAY 20, 2024
4. REPORT FROM CLIFTON LARSON ALLEN LLP RE: 2023 AUDIT
 - A. GOVERNANCE COMMUNICATION
 - B. FEDERAL SINGLE AUDIT REPORT
 - C. ANNUAL COMPREHENSIVE FINANCIAL REPORT
5. CONSIDERATION AND POTENTIAL ACTION RE: AUTHORIZATION FOR ISSUANCE & SALE OF GENERAL OBLIGATION BONDS IN AN AMOUNT NOT TO EXCEED \$85,000,000
6. CONSIDERATION AND POTENTIAL ACTION RE: AUTHORIZATION FOR ISSUANCE & SALE GENERAL OBLIGATION REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED \$25,000,000
7. CONSIDERATION AND POTENTIAL ACTION RE: REALLOCATION OF BOND PROCEEDS IN THE AMOUNT OF \$14,757,000
8. CONSIDERATION AND POTENTIAL ACTION RE: AUTHORIZATION FOR ISSUANCE & SALE OF REVENUE BONDS FOR THE INTEGRATED PLAN IN AN AMOUNT NOT TO EXCEED \$40,000,000
9. DISCUSSION RE: MONTHLY CEO CASH FLOW & BUDGET FORECAST REPORTS
10. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
11. COMMISSIONER REQUESTS FOR FUTURE AGENDA ITEMS
12. ADJOURNMENT

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, 2023, and have issued our report thereon dated REPORT DATE. 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.

The entity changed accounting policies related to Subscription-Based Information Technology Arrangements by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. 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 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 investments measured at fair value not based on market prices, or with permanent impairments, such as derivative instruments, are based on information provided by the investments' custodians.
- Management's estimate of unbilled fees is based on actual consumption readings at Board approved rates utilizing a percentage of days unbilled.
- Management's estimate on commitment and contingencies is based on discussions with legal counsel.

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

We identified no significant unusual transactions.

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.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

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 REPORT DATE.

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.

Other audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the audit we identified the following significant risks of material misstatement that have not previously been communicated to you:
 - Valuation of alternative investments

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 REPORT DATE.

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 REPORT DATE.

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
REPORT DATE

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
The Metropolitan District
Business Type Activities
Year Ended December 31, 2023

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Net Expense/Revenue and Change in Net Position / Fund Balance
Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits.						
Describe all current year misstatements below. Collapse this row (to the left) to print for attachment to management representation letter.						
GASB 87 - Lease Implementation (Lessor)	\$ 6,792,636					\$ (6,792,636)
Net current year misstatements (Iron Curtain Method)	6,792,636	-	-	-	-	(6,792,636)
Effect of prior year uncorrected misstatements on the current year net income						
Combined current and prior year misstatements (Rollover Method)	<u>\$ 6,792,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,792,636)</u>
Financial statement totals	<u>\$ 864,540,651</u>	<u>\$ 18,388,118</u>	<u>\$ (562,361,906)</u>	<u>\$ (50,876,064)</u>	<u>\$ (238,542,368)</u>	<u>\$ (31,148,431)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	1%					22%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	1%					22%

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
None noted	

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
The Metropolitan District
General Fund
Year Ended December 31, 2023

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Net Expense/Revenue and Change in Net Position / Fund Balance
<p style="text-align: center;">Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits.</p> <p style="text-align: center;">Describe all current year misstatements below. Collapse this row (to the left) to print for attachment to management representation letter.</p>						
GASB 87 - Lease Implementation (Lessor) Expenditures captured in wrong period	\$ 123,250				132,177	\$ (123,250)
GASB 96 - SBITA Proceeds						(132,177)
GASB 96 - SBITA Outlay						(200,371)
						200,371
Net current year misstatements (Iron Curtain Method)	123,250	-	-	-	132,177	(255,427)
Effect of prior year uncorrected misstatements on the current year net income						
Combined current and prior year misstatements (Rollover Method)	\$ 123,250	\$ -	\$ -	\$ -	\$ 132,177	\$ (255,427)
Financial statement totals	<u>\$ 52,221,911</u>	<u>\$ -</u>	<u>\$ (3,996,917)</u>	<u>\$ (4,264,320)</u>	<u>\$ (33,807,519)</u>	<u>\$ (10,153,155)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	#DIV/0!			0%	3%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	#DIV/0!			0%	3%

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
None noted	

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
The Metropolitan District
Water Utility Fund
Year Ended December 31, 2023

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Net Expense/Revenue and Change in Net Position / Fund Balance
Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits.						
Describe all current year misstatements below. Collapse this row (to the left) to print for attachment to management representation letter.						
GASB 87 - Lease Implementation (Lessor)	\$ 6,792,636					\$ (6,792,636)
Net current year misstatements (Iron Curtain Method)	6,792,636	-	-	-	-	(6,792,636)
Effect of prior year uncorrected misstatements on the current year net income						
Combined current and prior year misstatements (Rollover Method)	<u>\$ 6,792,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (6,792,636)</u>
Financial statement totals	<u>\$ 836,610,759</u>	<u>\$ 18,388,118</u>	<u>\$ (554,208,598)</u>	<u>\$ (50,876,064)</u>	<u>\$ (211,296,917)</u>	<u>\$ (38,617,298)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)		1%				18%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)		1%				18%

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
None noted	

**THE METROPOLITAN DISTRICT
FEDERAL SINGLE AUDIT REPORT
DECEMBER 31, 2023**

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
FEDERAL SINGLE AUDIT REPORT
DECEMBER 31, 2023
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

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISIONS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE 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, 2023. 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 program for the year ended December 31, 2023.

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 the 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 program.

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 the 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.

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, 2023, 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 REPORT DATE, 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
REPORT DATE

**THE METROPOLITAN DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

**THE METROPOLITAN DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Awarding Agency/ Pass-Through Grantor/ Pass-Through Identification Number</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Loan Proceeds</u>	<u>Grant Expenditures</u>	<u>Total Expenditures</u>	<u>Expenditures to Subrecipients</u>
Environmental Protection Agency						
<i>Passed Through the State of Connecticut Department of Energy and Environmental Protection:</i>						
Clean Water State Revolving Fund (CWSRF) Cluster:						
CWF#692-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 5,382,091	\$ 4,403,529	\$ 9,785,620	\$ -
CWF#729-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	918,495	676,115	1,594,610	-
CWF#719-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	312,298	78,074	390,372	-
CWF#728-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	15,199,686	14,030,480	29,230,166	-
CWF#747-PG	68.458	21014-DEP43720-40001/21015-DEP43720-42318	-	227,891	227,891	-
Total clean water state revolving fund (CWSRF) cluster			<u>21,812,570</u>	<u>19,416,089</u>	<u>41,228,659</u>	<u>-</u>
<i>Passed Through the State of Connecticut Department of Public Health:</i>						
Drinking Water State Revolving Fund (DWSRF) Cluster:						
DWSRF #2021-7093	66.468	12060-DPH48770-22467/21018-DPH48770-42319	118,209	650	118,859	-
DWSRF #2022-7102	66.468	12060-DPH48770-22467/21018-DPH48770-42319	273,275	58,562	331,837	-
DWSRF #2023-7110	66.468	12060-DPH48770-22467/21018-DPH48770-42319	1,797,147	146,902	1,944,049	-
Total drinking water state revolving fund (DWSRF) cluster			<u>2,188,631</u>	<u>206,114</u>	<u>2,394,745</u>	<u>-</u>
Total Federal Awards Expended				\$	<u><u>43,623,404</u></u>	\$ <u><u>-</u></u>

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, 2023**

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, 2023. 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, 2023	\$ 433,151,230	\$ 55,810,939
Loan proceeds	21,812,570	2,188,631
Loan repayments	<u>27,664,389</u>	<u>3,834,216</u>
Loans Payable at December 31, 2023	<u>\$ 427,319,411</u>	<u>\$ 54,165,354</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, 2023, 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 REPORT DATE.

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.

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
REPORT DATE

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISIONS

**THE METROPOLITAN DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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	Clean Water State Revolving Fund (CWSRF) Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,308,702

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**

MDC



Year Ended December 31, 2023

THE METROPOLITAN DISTRICT

**Hartford County
Hartford, Connecticut**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended December 31, 2023

Finance Department

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

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		XIII
BOARD OF FINANCE		XIV

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	21
STATEMENT OF ACTIVITIES	II	22
FUND FINANCIAL STATEMENTS		
GOVERNMENTAL FUNDS		
BALANCE SHEET	III	23
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	25
PROPRIETARY FUNDS		
STATEMENT OF NET POSITION	V	27
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	VI	28
STATEMENT OF CASH FLOWS	VII	29
FIDUCIARY FUNDS		
STATEMENT OF FIDUCIARY NET POSITION	VIII	31
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	IX	32
NOTES TO FINANCIAL STATEMENTS		33

**THE METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	RSI-1	81
--	--------------	-----------

MDERS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	RSI-2	84
--	--------------	-----------

SCHEDULE OF CONTRIBUTIONS	RSI-3	85
----------------------------------	--------------	-----------

SCHEDULE OF INVESTMENT RETURNS	RSI-4	86
---------------------------------------	--------------	-----------

RETIREE HEALTH PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	RSI-5	87
---	--------------	-----------

SCHEDULE OF CONTRIBUTIONS	RSI-6	88
----------------------------------	--------------	-----------

SCHEDULE OF INVESTMENT RETURNS	RSI-7	89
---------------------------------------	--------------	-----------

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND

SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE – CONNECTION CHARGE PROJECTS	A-1	91
---	------------	-----------

SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE – FLAT RATE PROJECTS	A-2	92
---	------------	-----------

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	B-1	93
---	------------	-----------

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	B-2	94
--	------------	-----------

**THE METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

STATISTICAL SECTION

	TABLES	
FINANCIAL TRENDS		
NET POSITION BY COMPONENT	1	97
CHANGES IN NET POSITION	2	98
FUND BALANCES OF GOVERNMENTAL FUNDS	3	100
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	4	101
REVENUE CAPACITY		
DISTRIBUTION OF ANNUAL TAX LEVY	5	102
DEBT CAPACITY		
RATIOS OF OUTSTANDING DEBT BY TYPE	6	103
LEGAL DEBT MARGIN INFORMATION	7	104
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN	8	105
DEMOGRAPHIC AND ECONOMIC INFORMATION		
DEMOGRAPHIC AND ECONOMIC STATISTICS	9	106
OPERATING INFORMATION		
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	10	107
WATER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	11	108
SEWER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	12	109

INTRODUCTORY SECTION

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION



REPORT DATE

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

Dear Chairman Currey, 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, 2023.

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, 2023. The independent accountant’s report is located in the front of the financial statement section of this report.

The MDC’s fiscal year 2023 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 360,200 people and median household incomes ranging from \$41,841 to \$132,950, according to 2023 Census estimates. These diverse municipalities comprise a strong and stable service area as evidenced by a 10-year growth of 28.3% in the combined municipalities’ grand lists from 2013 to 2023. 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 2023, 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 2023, the State of Connecticut had an average annual unemployment rate of 3.7% 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 73.9% of the 2024 Ad Valorem taxes due from Member Municipalities to the MDC. The outliers are West Hartford (22.7%) and Windsor (9.0%) both with AAA ratings and Hartford (26.1%) with a BBB rating.

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 from S&P has increased to BBB.

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 (40.9% of total general fund revenues at the end of 2023). 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. The District Board will determine the use of the 5.9% excess and in past years has applied it to the subsequent year's budget to help lower the Ad Valorem tax burden of its member towns. 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 73.8% as of December 31, 2023. 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 2023 grand lists. The current debt limitation for the District is \$1.5 billion of which the District has \$0.9 billion outstanding leaving an available balance of \$0.6 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.

Integrated Plan projects were initiated in 2023. More refinements to the consent order were contemplated and incorporated through a Consent Order modification in July 2023. These refinements included faster implementation and more projects in North Hartford to address private property issues. A new approved list of projects in the modified Consent Order included some new projects, some existing projects that need to be scheduled sooner and some projects that fell completely out of Phase I.

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, 2022 ACFR. The District has received this award 29 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 is 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**

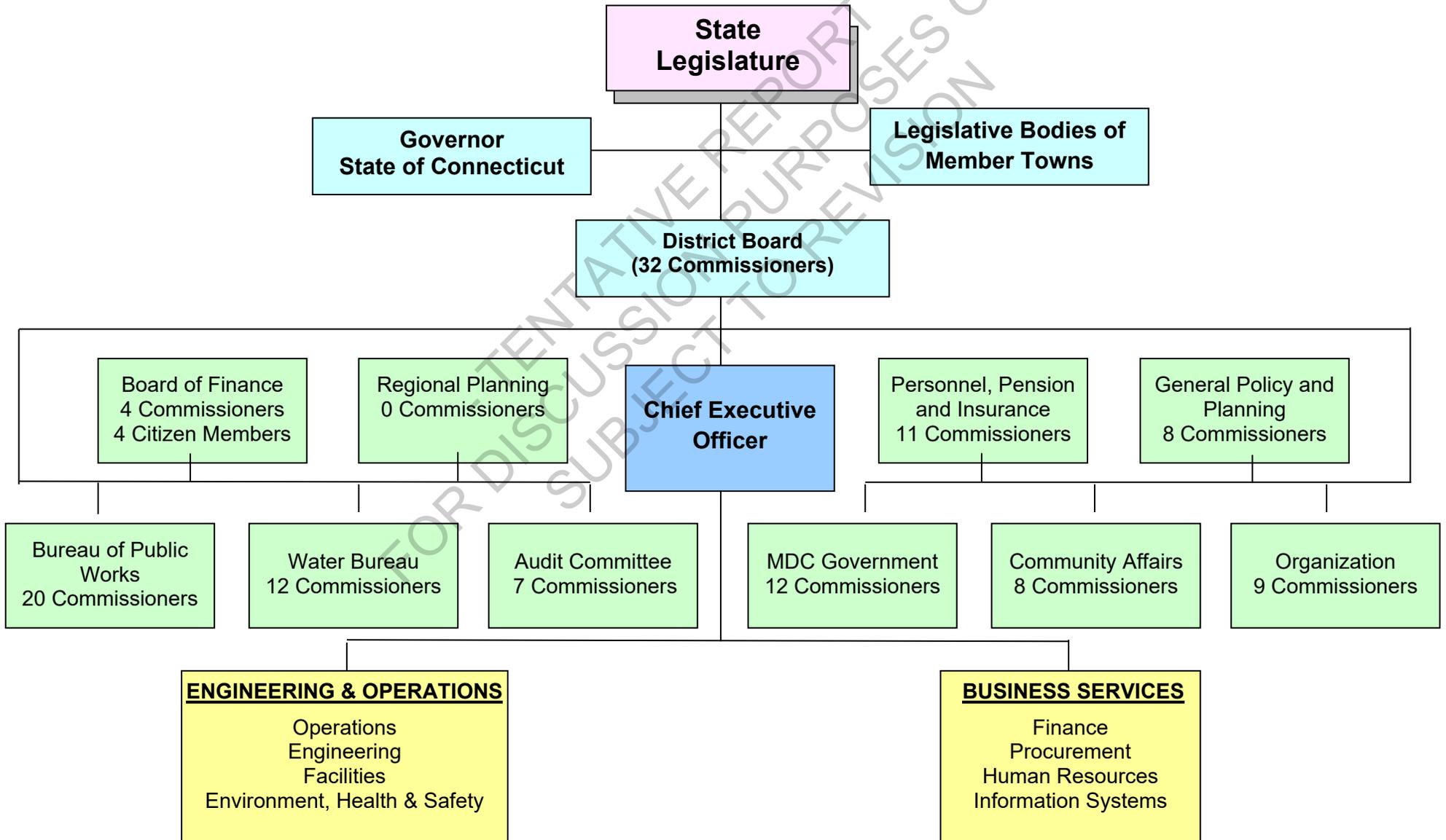
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

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	<i>Consultant</i>	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	<i>Deputy Commission, CT Department of Consumer Protection</i>	West Hartford	12-31-2026	Bureau of Public Works, General Policy and Planning, Committee on MDC Government, Personnel, Pension & Insurance Committee, Community Affairs Committee
Andrew Adil	<i>Financial Advisor</i>	Wethersfield	12-31-2024	Bureau of Public Works, Water Bureau, Board of Finance, Strategic Planning Committee, Riverfront Recapture Subcommittee, Committee on Technology, Water Bureau Subcommittee on Customer Base
Kyle Anderson		Legislative Appointee	12-31-2027	Water Bureau, Committee on MDC Government, Community Affairs Committee, Strategic Planning Committee
John Avedisian	<i>Operations Manager/Aero space Metallurgical Lab</i>	Windsor	12-31-2028	Bureau of Public Works, Committee on MDC Government, Personnel, Pension and Insurance Committee, Strategic Planning Committee
John Bazzano		Hartford	12-31-2028	Bureau of Public Works, Committee on MDC Government, Strategic Planning Committee
Avery Buell	<i>Investment Management Consultant</i>	Hartford	12-31-2028	Water Bureau, Committee on MDC Government, Committee on Organization, Community Affairs Committee, Water Bureau Subcommittee on Customer Base
Richard Bush	<i>Self- Employed/ Real Estate Investment and Property Management</i>	West Hartford	12-31-2022	Bureau of Public Works, Strategic Planning Committee
Donald Currey	<i>Retired</i>	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, <i>Riverfront Recapture</i> Subcommittee, Strategic Planning Committee
Dimple Desai	<i>Director/ Planning & Zoning</i>	Rocky Hill	12-31-2024	Water Bureau, Committee on MDC Government, Personnel, Pension and Insurance Committee, Strategic Planning Committee
David Drake	<i>Professional Engineer</i>	Wethersfield	12-32-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and Insurance Committee, Committee on Technology
John Gale	<i>Attorney</i>	Hartford	12-31-2026	Bureau of Public Works, Committee on Organization, Strategic Planning Committee
Peter Gardow	<i>Engineer</i>	Legislative Appointee	12-31-2026	Water Bureau, Committee on MDC Government, Committee on Organization, Audit Committee, Strategic Planning Committee
Joan Gentile	<i>Retired/ Business Lawyer</i>	East Hartford	12-31-2028	Bureau of Public Works, Strategic Planning Committee, Committee on Technology, Ethics Advisory Committee (Alternate)
James Healy	<i>Attorney</i>	West Hartford	12-31-2024	Bureau of Public Works, Committee on MDC Government, Strategic Planning Committee
Allen Hoffman	<i>Retired</i>	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	<i>Attorney</i>	Farmington	12-31-2026	District Board Only
Georgiana E. Holloway	<i>Retired</i>	Hartford	12-31-2026	Water Bureau, General Policy and Planning, Community Affairs Committee, Committee on MDC Government
Gary Johnson	<i>Consultant / Engineer</i>	Windsor	12-31-2024	Bureau of Public Works, Strategic Planning Committee
Mary LaChance	<i>Senior Information Services Director</i>	Glastonbury	12-31-2025	District Board Only
Byron Lester	<i>Retired</i>	Bloomfield	12-31-2024	Bureau of Public Works, Personnel, Pension & Insurance Committee, Community Affairs Committee, Strategic Planning Committee

Diane Lewis	<i>Case Manager</i>	Hartford	12-31-2024	Water Bureau, Committee on Organization, Community Affairs Committee, Audit Committee, Ethics Advisory Committee
Jackie Mandyck	<i>Executive Director</i>	West Hartford	12-31-2024	Water Bureau, Committee on Organization, Community Affairs Committee, Audit Committee, Strategic Planning Committee
Michael Maniscalco	<i>Town Manager</i>	South Windsor	12-31-2024	District Board Only
Dominic Pane	<i>Self-Employed / Business Owner</i>	Newington	12-31-2028	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
Bhupen Patel	<i>Retired</i>	Newington	12-31-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and Insurance Committee, Ethics Advisory Committee
Jon Petoskey		East Hartford	12-31-2020*	Water Bureau, Strategic Planning Committee
Pasquale J. Salemi	<i>Retired</i>	East Hartford	12-31-2028	Bureau of Public Works, Water Bureau, Board of Finance, Personnel, Pension & Insurance Committee, Strategic Planning Committee, Riverfront Recapture Subcommittee, Committee on Technology
David Steuber	<i>Chief of Staff</i>	Hartford	12-31-2024	Bureau of Public Works, Committee on MDC Government, Personnel, Pension and Insurance Committee
Alvin E. Taylor	<i>Retired</i>	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, Committee on Technology, Water Bureau Subcommittee on Customer Base
Calixto Torres	<i>Retired</i>	Hartford	12-31-2028	Bureau of Public Works, Strategic Planning Committee
James Woulfe	<i>Insurance Executive</i>	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.

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

THE METROPOLITAN DISTRICT

**HARTFORD COUNTY
DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP
AS OF DECEMBER 31, 2023***

	Total Commissioners	Appointed By		
		Municipality	Governor	Legislature
Hartford	9	6	3	
East Hartford	4	3	1	
West Hartford	4	3	1	
Windsor	2	1	1	
Bloomfield	1	1		
Wethersfield	2	1	1	
Newington	2	1	1	
Rocky Hill	1	1		
East Granby	0			
Farmington	1	1		
Glastonbury	1	1		
South Windsor	1	1		
Legislative Appointment	4			4
	<u>32</u>	<u>20</u>	<u>8</u>	<u>4</u>

* One East Granby Commissioner appointed by the municipality is vacant as of 12/31/2023

THE METROPOLITAN DISTRICT

HARTFORD COUNTY
BOARD OF FINANCE

	<u>Term 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 Iacovazzi	12-31-2023
Linda A. King-Corbin	12-31-2023
Linda Russo	12-31-2023
Awet Tsegai	12-31-2023

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

FINANCIAL SECTION

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

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, 2023, 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, 2023, 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 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 REPORT DATE 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
REPORT DATE

TENTATIVE REPORT
FOR DISCUSSION PURPOSES
SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

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, 2023. 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 2023 is \$1.281 billion. Of this amount, negative \$52.7 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 \$104.2 million or 8.9% over the prior fiscal year, \$73.0 million in governmental activities and \$31.2 million in business-type activities.
 - Capital assets increased \$91.3 million overall, \$66.0 million in governmental activities and \$25.3 million in business-type activities. These increases are due to investments in the MDC infrastructure, as follows:
 - ▲ The governmental activities' increase is driven primarily by Clean Water projects.
 - ▲ The business-type activities' increase is driven primarily by large water main replacement projects.
 - Cash, receivables and other assets increased by \$2.3 million overall, comprised of a \$8.2 million decrease in governmental activities and \$10.5 million increase in business-type activities.
 - Current and long-term liabilities increased by \$18.2 million overall.
 - ▲ Governmental activities decreased its liabilities by a net \$3.0 million. This decrease was driven by a \$7.9 million decrease in long-term liabilities offset by an increase of \$4.9 million in current liabilities.
 - ▲ Business-type activities increased its liabilities by net \$21.2 million. This increase was driven by increases of \$19.6 million in long-term and \$1.6 million in current liabilities.
 - Net deferrals increased by \$28.8 million, driven primarily by OPEB, as follows:
 - ▲ Pension net deferral decreased by \$16.4 million, comprised of a \$16.6 million decrease in deferred outflows, offset by a \$0.2 million decrease in deferred inflows.
 - ▲ OPEB net deferral increased by \$45.0 million, comprised of a \$13.4 million decrease in deferred outflows, offset by a \$58.4 million decrease in deferred inflows.
 - ▲ Change of refunding net deferral increased by \$0.2 million, comprised of a \$0.3 million decrease in deferred outflows, offset by a \$0.5 million decrease in deferred inflows.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Fund financials

- The total fund balance for Governmental Funds at the close of fiscal year 2023 is \$129.9 million. Of this amount, \$47.8 million is committed for Clean Water, \$43.8 million is restricted for capital projects, \$0.1 million is restricted for Debt Service and the General Fund has a \$5.6 million Nonspendable (inventory and pre-paid items) and \$38.4 million Unassigned fund balance.
- The General Fund's \$38.4 million Unassigned fund balance is 40.9% of the \$93.8 million total General Fund revenues. The District's fund balance policy targets this ratio's range to be between 30-35%. The use of surplus reserve, ratio's exceeding 35%, is determined by the District's Board of Commissioners and in past years has been used to reduce the Ad Valorem taxes paid by its member towns in the upcoming fiscal year's budget.

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, 2023**

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.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

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

Required supplementary information (RSI) (pages 79-88). 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.

Combining and Individual Fund Statements and Schedules (pages 89-93). 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 94-108). 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 2023 the District's assets exceeded liabilities by a total \$1.281 billion, \$1.011 billion from Governmental Activities and \$270 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 \$104.2 million overall during the fiscal

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

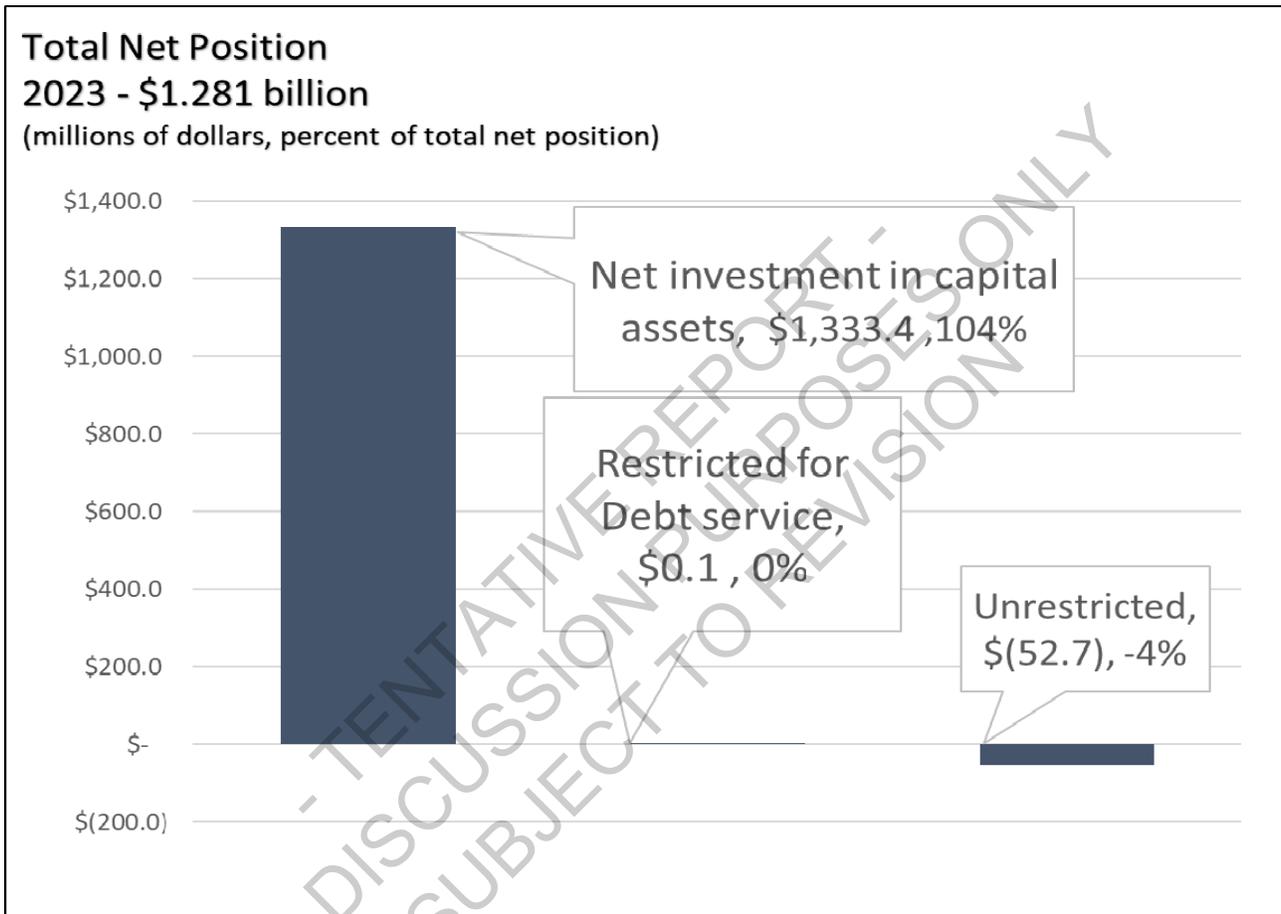
**Statement of Net Position
December 31, 2023 and 2022**

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

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets:						
Current and Other Assets	\$ 190,648,296	\$ 134,799,579	\$ 325,447,875	\$ 198,827,787	\$ 124,303,441	\$ 323,131,228
Capital Assets, Net of Accumulated Depreciation	2,157,592,545	729,741,072	2,887,333,617	2,091,607,357	704,430,969	2,796,038,326
Total Assets	2,348,240,841	864,540,651	3,212,781,492	2,290,435,144	828,734,410	3,119,169,554
Deferred Outflows of Resources	14,461,392	18,388,118	32,849,510	27,381,255	35,728,325	63,109,580
Liabilities:						
Current Liabilities	49,230,641	20,073,185	69,303,826	44,271,534	18,484,941	62,756,475
Long-Term Liabilities Outstanding	1,261,747,895	542,288,721	1,804,036,616	1,269,660,200	522,683,827	1,792,344,027
Total Liabilities	1,310,978,536	562,361,906	1,873,340,442	1,313,931,734	541,168,768	1,855,100,502
Deferred Inflows of Resources	40,649,233	50,876,064	91,525,297	65,816,562	84,751,599	150,568,161
Net Position:						
Net Investment in Capital Assets	1,001,688,388	331,697,982	1,333,386,370	924,116,642	322,397,283	1,246,513,925
Restricted	82,460	-	82,460	2,747,931	-	2,747,931
Unrestricted	9,303,616	(62,007,183)	(52,703,567)	11,203,530	(83,854,915)	(72,651,385)
Total Net Position	#####	\$ 269,690,799	\$ 1,280,765,263	\$ 938,068,103	\$ 238,542,368	#####

By far, the largest portion of the District's assets in 2023 is its \$2.9 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.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**



Governmental Activities. The net position of governmental activities increased \$73.0 million or 7.8% from the prior year. The Statement of Net Position shows increases of \$66.0 million in capital assets, decreases of \$4.0 million in cash and receivables, a net decrease of \$4.2 million in other assets, a \$12.2 million increase in net deferrals and a net decrease of \$3.0 million in current and long-term liabilities.

Business-Type Activities. The net position of business-type activities increased \$31.2 million or 13.1% from the prior year. The Statement of Net Position shows increases of \$25.3 in capital assets, \$3.9 million increases in cash and receivables, \$6.6 million increase in other assets and \$16.6 million increase in net deferrals, and a net increase of \$21.2 million 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, 2023**

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
Years Ended December 31, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
Program Revenues:						
Charges for Services	\$ 94,278,825	\$ 98,182,557	\$ 192,461,382	\$ 89,065,815	\$ 106,384,553	\$ 195,450,368
Operating Grants and Contributions	11,939,689		11,939,689	10,560,612	-	10,560,612
Capital Grants and Contributions	19,338,014	5,186,542	24,524,556	19,011,971	5,761,906	24,773,877
General Revenues:						
Sewer Taxation - Member Municipalities	53,076,600		53,076,600	53,076,600	-	53,076,600
Unrestricted Investment Earnings	5,863,150	6,640,995	12,504,145	1,777,656	1,808,784	3,586,440
Miscellaneous Income	-	591,736	591,736	217,408	1,435,520	1,652,928
Total Revenues	<u>184,496,278</u>	<u>110,601,830</u>	<u>295,098,108</u>	<u>173,710,062</u>	<u>115,390,763</u>	<u>289,100,825</u>
EXPENSES						
General Government Operations	9,038,090	-	9,038,090	6,992,276	-	6,992,276
Plants and Maintenance	30,722,559	-	30,722,559	17,847,612	-	17,847,612
Interest on Long-Term Debt	51,740,330	-	51,740,330	43,551,515	-	43,551,515
Water	26,241,767	-	26,241,767	28,822,898	-	28,822,898
Hydroelectricity	-	72,902,670	72,902,670	-	76,055,085	76,055,085
Total Expenses	<u>117,742,746</u>	<u>73,200,570</u>	<u>190,943,316</u>	<u>97,214,301</u>	<u>76,312,215</u>	<u>173,526,516</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	<u>66,753,532</u>	<u>37,401,260</u>	<u>104,154,792</u>	<u>76,495,761</u>	<u>39,078,548</u>	<u>115,574,309</u>
TRANSFERS	<u>6,252,829</u>	<u>(6,252,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN NET POSITION	<u>73,006,361</u>	<u>31,148,431</u>	<u>104,154,792</u>	<u>76,495,761</u>	<u>39,078,548</u>	<u>115,574,309</u>
Net Position - Beginning 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>
NET POSITION - END OF YEAR	<u>#####</u>	<u>\$ 269,690,799</u>	<u>\$ 1,280,765,263</u>	<u>\$ 938,068,103</u>	<u>\$ 238,542,368</u>	<u>#####</u>

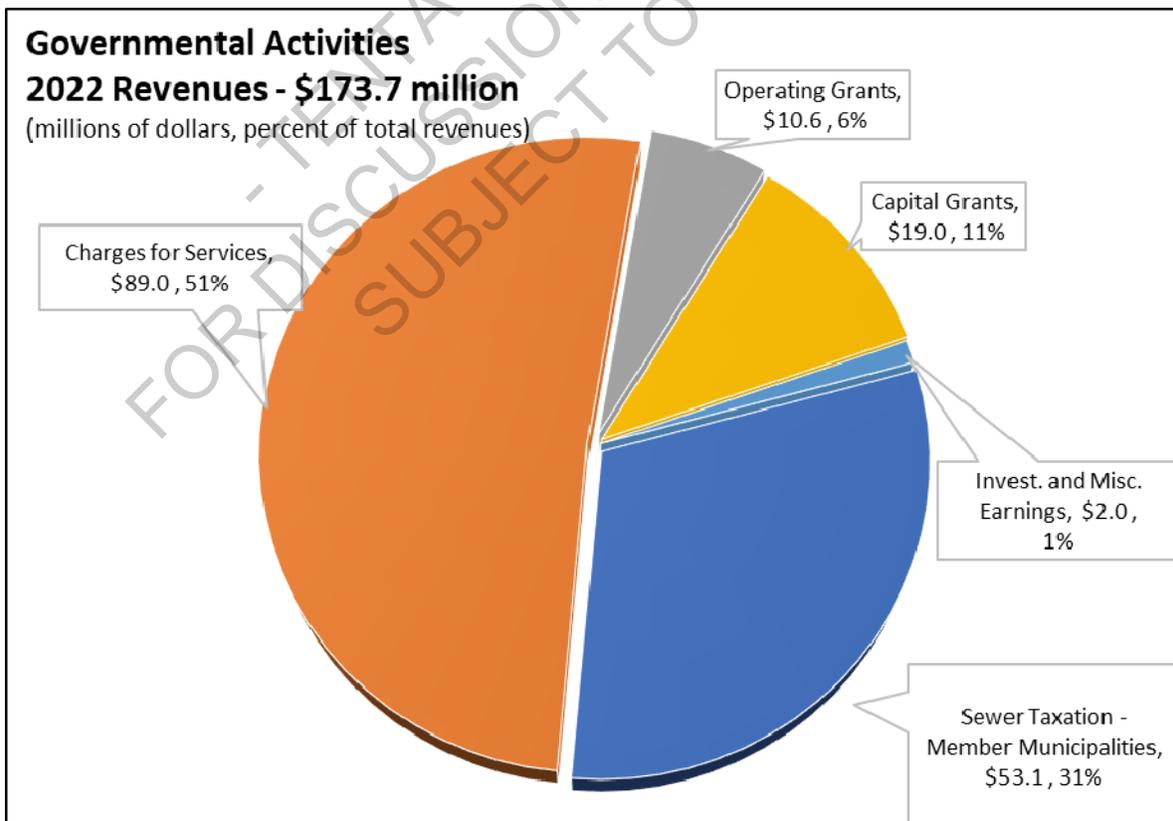
See the Statement of Activities (page 21) for more detailed information.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Governmental Activities

Revenues – increased by \$10.8 million or 6.2% from \$173.7 million to \$184.5 million:

- An increase of \$5.2 million for Charges for Services due to an additional \$3.9 million in sewer assessment fees, \$0.9 million in increased sewer user fees, and \$0.4 million increase in miscellaneous revenue.
- An increase of \$3.9 million due to increases of \$4.1 million of unrestricted investment earnings offset by a \$0.2 million decrease in other miscellaneous income. Higher interest rates drove the higher investment earnings even though the average daily balances dropped from the prior year, as follows; 2023 averaged a daily interest rate of 4.86% and daily balance of \$120.6 million, whereas, 2022 averaged a daily interest rate of 1.22% and daily balance of \$146.1 million.
- An increase of \$1.7 million in operating and capital grants due to \$1.4 million more operating grants and \$0.3 million more capital grants received in 2023 than in 2022.



**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

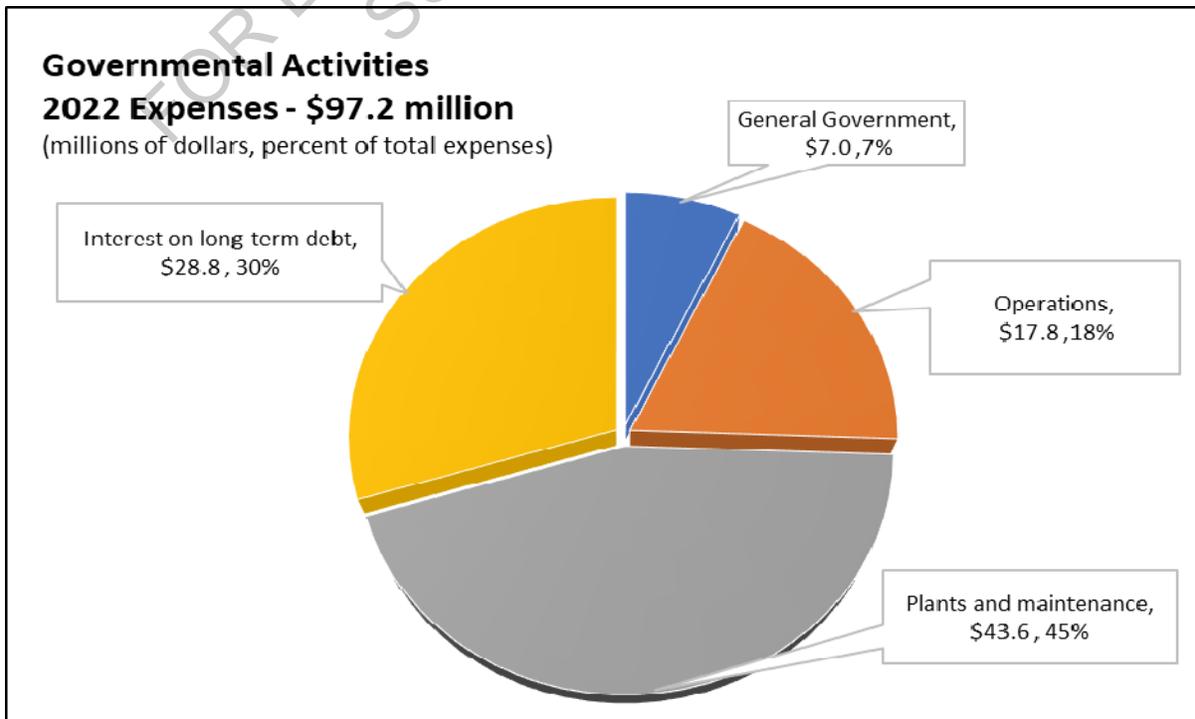
Expenses – increased \$20.5 million or 21.1% from \$97.2 million to \$117.7 million:

Increases:

- \$19.6 million in the allocation of the MDC's Internal Service fund (ISF). The ISF, which contains the MDC's self-insurance programs for Medical, General liability, Workers Compensation, Auto and Property, allocates its annual surplus or deficit to the Governmental and Business-Type operating funds. In 2022 an ISF surplus totaling \$14.6 million reduced expenditures and in 2023 an ISF deficit totaling \$5.0 million increased expenditures in the Governmental funds accounting for the year-over-year variance.
- \$7.5 million in Equipment due to a \$5.5 million spend in the Integrated Plan fund 2600 and an increase of \$2.0 million spend in the Sewer Capital fund.
- \$3.8 million in Depreciation expenses.
- \$3.8 million in Fees & Services including a net \$2.2 million increase in Consultant/Outside services, \$0.6 million in Legal Services, \$0.5 million in Engineering Professional services, \$0.4 million in Incinerator Ash Disposal; and \$0.1 million in miscellaneous other expenditures.
- \$2.4 million in compensated absences due to settled collective bargaining contracts which added eight years of retroactive sick time accruals (2016-2023) for many employees.
- \$1.6 million in net expenditures due to contractual pay increases and miscellaneous other expenditures.

Decreases:

- \$8.9 million in materials due to a large 2022 purchase of meters not repeated in 2023
- \$4.1 million in the contribution to the ISF Medical fund, a planned funding shortage to reduce the ISF's accumulated Net Position.
- \$1.7 million in debt service and related expenses
- \$1.5 million in fiduciary fund contributions for Pension and OPEB

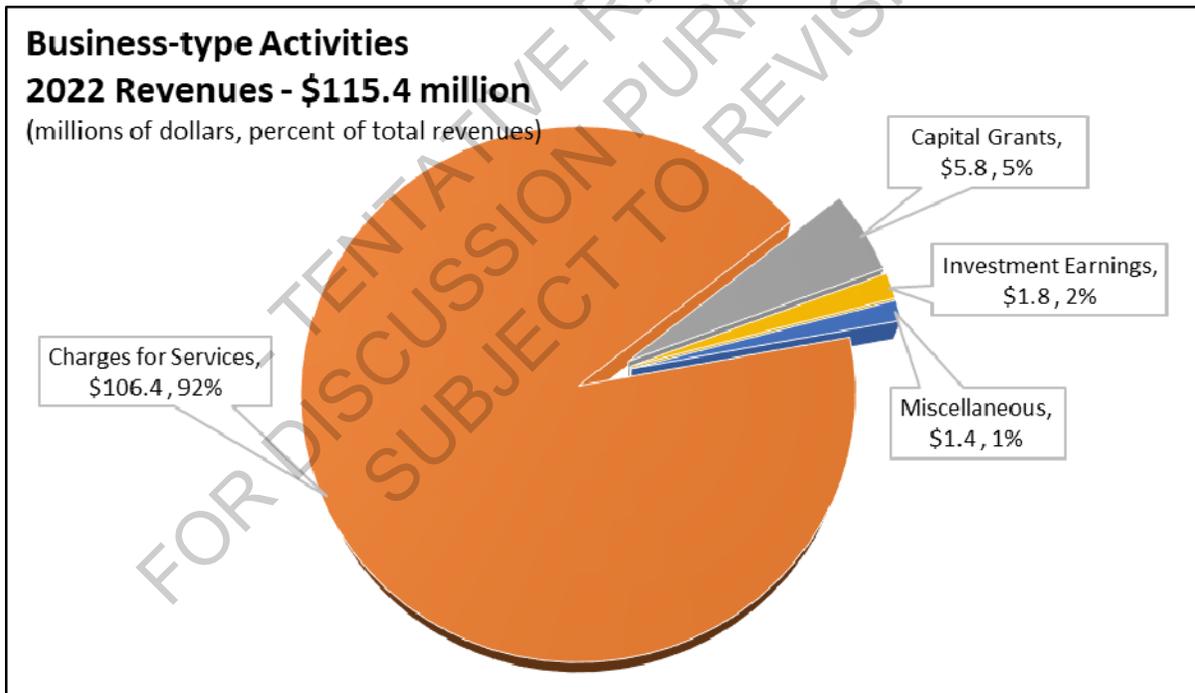


**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Business-Type Activities

Revenues - decreased by \$4.8 million or 4.2% from \$115.4 million to \$110.6 million:

- \$8.2 million or 7.7% decrease in charges for services due to \$7.6 million decrease in water sales and \$0.6 million in hydroelectric sales,
- \$0.8 million decrease in miscellaneous revenue,
- \$0.6 million or 10.0% decrease in capital grants, offset by
- \$4.8 million increase in investment earnings due to higher earnings on deposited funds.



**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

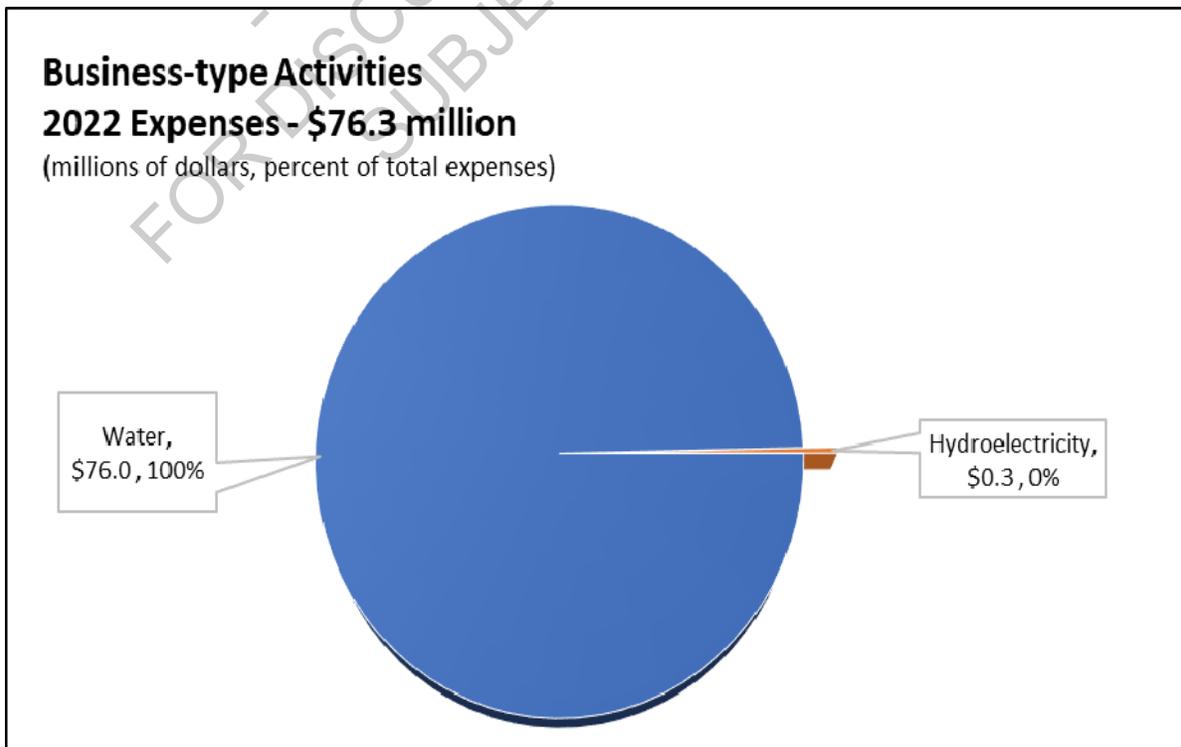
Expenses – decreased by \$3.1 million or 4.1% from \$76.3 million to \$73.2 million:

Decreases:

- A decrease of \$7.4 million in GASB full accruals for bonds, pension and OPEB expenses
- A decrease of \$4.8 million in the contribution to the ISF Medical fund, a planned funding shortage to reduce the ISF's accumulated Net Position.
- A decrease of \$3.8 million in Facilities repairs and maintenance due to significant 2022 projects not repeated in 2023.
- A decrease of \$1.8 million in fiduciary fund contributions for Pension and OPEB.
- A net decrease of \$0.7 million in miscellaneous other expenditures.

Increases:

- An increase of \$11.0 million in the allocation of the MDC's Internal Service fund (ISF). The ISF, which contains the MDC's self-insurance programs for Medical, General liability, Workers Compensation, Auto and Property, allocates its annual surplus or deficit to the Governmental and Business-Type operating funds. In 2022 an ISF surplus totaling \$4.7 million reduced expenditures and in 2023 an ISF deficit totaling \$6.3 million increased expenditures in the Business-Type Activity funds accounting for the year-over-year variance.
- An increase of \$3.0 million in compensated absences due to settled collective bargaining contracts which added eight years of retroactive sick time accruals (2016-2023) for many employees.
- An increase of \$1.4 million in payroll due to contractual pay increases.



**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

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

At the end of 2023, the District's governmental funds reported a combined ending fund balance of \$129.9 million. Of this amount, \$85.8 million is committed for Clean Water, \$43.8 million is restricted for Capital Projects, \$0.1 million is restricted for Debt Service, and the General Fund has a \$5.6 million Nonspendable (inventory and pre-paid items) and \$38.4 million Unassigned fund balance.

The General Fund is the wastewater (sewer) operating fund for the District. At the end of 2023, the General Fund total fund balance was \$44.0 million, of which \$38.4 million is Unassigned and spendable and \$5.6 million is Nonspendable supplies and prepaid assets. This represents a fund balance increase of \$10.2 million or 30.0% over the prior year.

The Debt Service Fund's restricted fund balance at the end of 2023 is \$0.1 million which is a \$2.6 million decrease from the prior year. This planned \$2.6 million use of the debt service fund balance was executed in 2023 by transferring less funding from other funds than the expected debt service paid during the year.

The Clean Water Project Fund committed fund balance of \$47.8 million decreased by \$17.2 million or 26.5% over the prior year due to a \$5.7 million increase in liabilities and a \$11.5 million decrease in assets. The liability increase was driven by an increase in accounts payable and accrued items.

The Capital Project Fund restricted fund balance of \$43.8 million represents unspent bonded funds for current and future projects, leaving a negative unassigned fund balance of \$5.7 million.

Proprietary Funds

The total net position for the Water Utility and Hydroelectric Development funds Fund at the end of 2023 was \$246.1 million, a \$7.6 million or 3.2% increase over the prior year. This increase was driven by:

- \$40.9 million increase in assets
- \$16.5 million increase in net deferrals

Offset by, a

- \$20.0 million increase in liabilities
- \$29.8 million decrease due to Internal Service fund net position

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

General Fund Budgetary Highlights

During the 2023 budget year, revenues exceeded expenditures by \$14.6 million. Total revenues and other financing sources were above budget by \$7.1 million or 7.3% and expenditures were \$7.5 million or 7.7% less than budget.

The General Fund received \$6.2 million Contributions from Other Funds, specifically: \$4.7 million was transferred in from the Internal Service Fund and \$1.5 from the Hydroelectric Development Plan.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested \$2.9 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of \$91.3 million or 3.3%, from the prior year.

Governmental capital assets increased \$66.0 million, due to a \$199.3 million increase in Infrastructure and \$4.2 million increase in Land that was offset by a \$116.8 million decrease in Construction in Progress (CIP), a \$18.5 million decrease in Buildings and a \$2.2 million decrease in machinery and equipment.

Business-type capital assets increased \$25.3 million due to a \$26.0 million increase in infrastructure, \$0.3 million increase in buildings, \$0.7 million increase in Construction in Progress (CIP); these increases were offset by a \$1.7 million decrease in machinery and equipment.

**Capital Assets (net of depreciation)
Years Ended December 31, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 14,487,430	\$ 10,847,885	\$ 25,335,315	\$ 10,248,534	\$ 10,847,885	\$ 21,096,419
Buildings	267,117,791	102,617,044	369,734,835	285,617,362	102,269,040	387,886,402
Machinery and Equipment	53,128,754	37,712,714	90,841,468	55,320,365	39,453,895	94,774,260
Infrastructure	919,678,182	410,214,238	1,329,892,420	720,401,261	384,165,478	1,104,566,739
Construction in Progress	903,180,388	168,349,191	1,071,529,579	1,020,019,835	167,694,671	1,187,714,506
Total	<u>\$ 2,157,592,545</u>	<u>\$ 729,741,072</u>	<u>\$ 2,887,333,617</u>	<u>\$ 2,091,607,357</u>	<u>\$ 704,430,969</u>	<u>\$ 2,796,038,326</u>

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, 2023**

Long-Term Debt

At the end of 2023, 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
Years Ended December 31, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation/ Revenue bonds	\$ 738,012,281	\$ 353,806,993	\$ 1,091,819,274	\$ 741,319,368	\$ 332,568,572	\$ 1,073,887,940
Clean/Drinking Water Loans	427,319,411	54,165,354	481,484,765	433,151,230	55,810,939	488,962,169
Compensated absences	4,391,540	5,358,387	9,749,927	-	-	-
Claims and Judgments		6,694,214	6,694,214		6,813,945	6,813,945
Net Pension Liability	37,514,264	49,841,372	87,355,636	41,809,131	55,996,259	97,805,390
Net OPEB Liability	54,510,399	72,422,401	126,932,800	53,380,471	71,494,112	124,874,583
Total	\$ 1,261,747,895	\$ 542,288,721	\$ 1,804,036,616	\$ 1,269,660,200	\$ 522,683,827	\$ 1,792,344,027

S&P Global Ratings maintained its rating on MDC's outstanding clean water project revenue and revenue refunding bonds at '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 July of 2023 Moody's Investor Service reaffirmed its 'Aa2' rating on outstanding clean water project revenue and upgraded the rating from 'Aa3' to 'Aa2' 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 \$0.9 billion outstanding leaving an available balance of \$0.6 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 remained steady at approximately 18 million CCFs per year.

All of these factors were considered in preparing the District's 2024 year budget.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

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.

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

BASIC FINANCIAL STATEMENTS

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 148,319,621	\$ 119,365,225	\$ 267,684,846
Receivables, Net of Allowance for Uncollectibles	27,188,641	16,810,035	43,998,676
Internal Balances	9,534,666	(9,534,666)	-
Supplies	4,925,010	5,027,038	9,952,048
Other Assets	-	2,000,000	2,000,000
Prepaid Items	680,358	1,131,947	1,812,305
Capital Assets, Nondepreciable	917,667,818	179,197,076	1,096,864,894
Capital Assets, Net of Accumulated Depreciation	1,239,924,727	550,543,996	1,790,468,723
Total Assets	<u>2,348,240,841</u>	<u>864,540,651</u>	<u>3,212,781,492</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	9,783,910	12,998,882	22,782,792
Deferred Outflows - OPEB	3,695,971	4,910,460	8,606,431
Deferred Charge on Refunding	981,511	478,776	1,460,287
Total Deferred Outflows of Resources	<u>14,461,392</u>	<u>18,388,118</u>	<u>32,849,510</u>
LIABILITIES			
Accounts Payable and Accrued Items	47,827,725	17,341,358	65,169,083
Due to OPEB Trust Fund	-	1,361,168	1,361,168
Customer Advances for Construction	1,402,916	1,370,659	2,773,575
Noncurrent Liabilities:			
Due Within One Year	100,498,410	33,410,028	133,908,438
Due in More Than One Year	1,161,249,485	508,878,693	1,670,128,178
Total Liabilities	<u>1,310,978,536</u>	<u>562,361,906</u>	<u>1,873,340,442</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	246,675	327,733	574,408
Deferred Inflows - OPEB	36,795,957	48,887,031	85,682,988
Deferred Charge on Refunding	3,606,601	1,661,300	5,267,901
Total Deferred Inflows of Resources	<u>40,649,233</u>	<u>50,876,064</u>	<u>91,525,297</u>
NET POSITION			
Net Investment in Capital Assets	1,001,688,388	331,697,982	1,333,386,370
Restricted for:			
Debt Service	82,460	-	82,460
Unrestricted	9,303,616	(62,007,183)	(52,703,567)
Total Net Position	<u>\$ 1,011,074,464</u>	<u>\$ 269,690,799</u>	<u>\$ 1,280,765,263</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

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	\$ 9,038,090	\$ -	\$ 11,861,615	\$ -	\$ 2,823,525	\$ -	\$ 2,823,525
Operations	30,722,559	84,441,743	-	-	53,719,184	-	53,719,184
Engineering and Planning	-	-	-	-	-	-	-
Plants and Maintenance	51,740,330	9,837,082	78,074	19,338,014	(22,487,160)	-	(22,487,160)
Interest on Long-Term Debt	26,241,767	-	-	-	(26,241,767)	-	(26,241,767)
Total Governmental Activities	117,742,746	94,278,825	11,939,689	19,338,014	7,813,782	-	7,813,782
Business-Type Activities:							
Water	72,902,670	97,579,104	-	5,186,542	-	29,862,976	29,862,976
Hydroelectricity	297,900	603,453	-	-	-	305,553	305,553
Total Business-Type Activities	73,200,570	98,182,557	-	5,186,542	-	30,168,529	30,168,529
Total	\$ 190,943,316	\$ 192,461,382	\$ 11,939,689	\$ 24,524,556	7,813,782	30,168,529	37,982,311
GENERAL REVENUES							
Sewer Taxation - Member Municipalities					53,076,600	-	53,076,600
Miscellaneous					-	591,736	591,736
Unrestricted Investment Earnings					5,863,150	6,640,995	12,504,145
Transfers					6,252,829	(6,252,829)	-
Total General Revenues					65,192,579	979,902	66,172,481
CHANGE IN NET POSITION					73,006,361	31,148,431	104,154,792
Net Position - Beginning of Year					938,068,103	238,542,368	1,176,610,471
NET POSITION - END OF YEAR					\$ 1,011,074,464	\$ 269,690,799	\$ 1,280,765,263

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 38,941,503	\$ 82,460	\$ 62,428,618	\$ 46,867,040	\$ 148,319,621
Receivables, Net of Allowance for Uncollectibles	7,675,040	-	17,381,152	2,132,449	27,188,641
Supplies	4,925,010	-	-	-	4,925,010
Prepaid Items	680,358	-	-	-	680,358
	<u>680,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,358</u>
Total Assets	<u>\$ 52,221,911</u>	<u>\$ 82,460</u>	<u>\$ 79,809,770</u>	<u>\$ 48,999,489</u>	<u>\$ 181,113,630</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Items	\$ 2,594,001	\$ -	\$ 25,837,883	\$ 8,813,283	\$ 37,245,167
Customer Advances for Construction	1,402,916	-	-	-	1,402,916
Total Liabilities	<u>3,996,917</u>	<u>-</u>	<u>25,837,883</u>	<u>8,813,283</u>	<u>38,648,083</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Special Assessments	91,529	-	-	2,114,291	2,205,820
Unavailable Revenue - Sewer User Fees	4,172,791	-	-	-	4,172,791
Unavailable Revenue - Grants	-	-	6,218,389	-	6,218,389
Total Deferred Inflows of Resources	<u>4,264,320</u>	<u>-</u>	<u>6,218,389</u>	<u>2,114,291</u>	<u>12,597,000</u>
FUND BALANCES					
Nonspendable	5,605,368	-	-	-	5,605,368
Restricted	-	82,460	-	43,787,028	43,869,488
Committed	-	-	47,753,498	-	47,753,498
Unassigned	38,355,306	-	-	(5,715,113)	32,640,193
Total Fund Balances	<u>43,960,674</u>	<u>82,460</u>	<u>47,753,498</u>	<u>38,071,915</u>	<u>129,868,547</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52,221,911</u>	<u>\$ 82,460</u>	<u>\$ 79,809,770</u>	<u>\$ 48,999,489</u>	<u>\$ 181,113,630</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 129,868,547

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	2,658,337,068
Less: Accumulated Depreciation	<u>(500,744,523)</u>
Net Capital Assets	2,157,592,545

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.

9,534,666

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	2,205,820
Sewer Use Receivables	10,391,180
Deferred Outflows Related to Refunding	981,511
Deferred Outflows Related to Pension	9,783,910
Deferred Outflows Related to OPEB	3,695,971

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	(671,066,269)
Premiums	(66,946,012)
Notes Payable	(427,319,411)
Interest Payable on Long-Term Debt	(10,582,558)
Compensated Absences	(4,391,540)
Net Pension Liability	(37,514,264)
Deferred Inflows Related to Pension	(246,675)
Deferred Inflows Related to OPEB	(36,795,957)
Deferred Inflows Related to Refunding	(3,606,601)
Net OPEB Liability	<u>(54,510,399)</u>

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

\$ 1,011,074,464

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
REVENUES					
Taxation - Member Municipalities	\$ 53,076,600	\$ -	\$ -	\$ -	\$ 53,076,600
Assessments	-	-	-	3,855,459	3,855,459
User Fees	23,202,935	-	61,238,808	-	84,441,743
Intergovernmental Revenues	11,861,615	-	19,338,014	78,074	31,277,703
Investment Income	1,041,203	-	4,821,947	-	5,863,150
Other Local Revenues	4,579,345	-	143,781	-	4,723,126
Total Revenues	<u>93,761,698</u>	<u>-</u>	<u>85,542,550</u>	<u>3,933,533</u>	<u>183,237,781</u>
EXPENDITURES					
Current:					
General Government	11,293,913	-	-	-	11,293,913
Operations	10,455,986	-	-	-	10,455,986
Plants and Maintenance	32,486,519	-	-	-	32,486,519
Debt Service:					
Principal Retirement	-	62,182,958	-	-	62,182,958
Interest	27,075	33,280,892	1,664	-	33,309,631
Capital Outlay	-	-	67,445,515	44,256,020	111,701,535
Total Expenditures	<u>54,263,493</u>	<u>95,463,850</u>	<u>67,447,179</u>	<u>44,256,020</u>	<u>261,430,542</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,498,205	(95,463,850)	18,095,371	(40,322,487)	(78,192,761)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	-	35,306,400	35,306,400
Premiums on Issuance of Bonds	-	178,470	-	4,207,320	4,385,790
Clean Water Fund Loans Issued	-	-	21,500,272	312,298	21,812,570
Transfers In	6,502,829	92,619,909	-	-	99,122,738
Transfers Out	(35,847,879)	-	(56,772,030)	(250,000)	(92,869,909)
Total Other Financing Sources (Uses)	<u>(29,345,050)</u>	<u>92,798,379</u>	<u>(35,271,758)</u>	<u>39,576,018</u>	<u>67,757,589</u>
NET CHANGE IN FUND BALANCES	10,153,155	(2,665,471)	(17,176,387)	(746,469)	(10,435,172)
Fund Balances - Beginning 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>
FUND BALANCES - END OF YEAR	<u>\$ 43,960,674</u>	<u>\$ 82,460</u>	<u>\$ 47,753,498</u>	<u>\$ 38,071,915</u>	<u>\$ 129,868,547</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, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ (10,435,172)

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	110,373,207
Depreciation Expense	(38,236,158)

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. (6,151,861)

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. (5,031,822)

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

Sewer Assessment Revenue	171,180
Sewer Use Revenue	1,087,317
Change in Deferred Outflows Related to Pension	(7,038,762)
Change in Deferred Outflows Related to OPEB	(5,712,872)

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	(21,812,570)
Proceeds from Issuance of Bonds	(35,306,400)
Premiums on Issuance of Bonds	(4,385,790)
Bond Payments	34,538,569
Amortization of Bond Premium	8,460,708
Amortization of Deferred Charge on Refunding	118,311
Clean Water Fund Loan Payments	27,644,389
Change in Accrued Interest	(1,295,233)

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	(2,026,388)
Change in Net Pension Liability	4,294,867
Change in Deferred Inflows Related to Pension	93,309
Change in Deferred Inflows Related to OPEB	24,787,460
Change in Net OPEB Liability	(1,129,928)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 73,006,361
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See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	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	\$ 86,555,121	\$ 3,282,608	\$ 89,837,729	\$ 29,527,496
Accounts Receivable, Net of Allowance for Uncollectibles	16,768,104	41,931	16,810,035	-
Supplies	4,784,322	242,716	5,027,038	-
Other assets	2,000,000	-	2,000,000	-
Prepaid Items	1,131,947	-	1,131,947	-
Total Current Assets	<u>111,239,494</u>	<u>3,567,255</u>	<u>114,806,749</u>	<u>29,527,496</u>
Noncurrent Assets:				
Capital Assets, Nondepreciable	178,968,381	228,695	179,197,076	-
Capital Assets, Net of Accumulated Depreciation	546,402,884	4,141,112	550,543,996	-
Total Noncurrent Assets	<u>725,371,265</u>	<u>4,369,807</u>	<u>729,741,072</u>	<u>-</u>
Total Assets	<u>836,610,759</u>	<u>7,937,062</u>	<u>844,547,821</u>	<u>29,527,496</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	12,998,882	-	12,998,882	-
Deferred Outflows - OPEB	4,910,460	-	4,910,460	-
Deferred Charge on Refunding	478,776	-	478,776	-
Total Deferred Outflows of Resources	<u>18,388,118</u>	<u>-</u>	<u>18,388,118</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	17,243,432	35,994	17,279,426	61,932
Due to Fiduciary Funds	-	-	-	1,361,168
Customer Advances for Construction	1,370,659	-	1,370,659	-
Current Portion of Claims Incurred but Not Reported	-	-	-	861,556
Compensated Absences	3,364,784	-	3,364,784	-
Current Portion of Bonds and Loans Payable	29,183,688	-	29,183,688	-
Total Current Liabilities	<u>51,162,563</u>	<u>35,994</u>	<u>51,198,557</u>	<u>2,284,656</u>
Noncurrent Liabilities:				
Compensated Absences	1,993,603	-	1,993,603	-
Bonds and Loans Payable After One Year	378,788,659	-	378,788,659	-
Claims Incurred but Not Reported	-	-	-	5,832,658
Net Pension Liability	49,841,372	-	49,841,372	-
Net OPEB Liability	72,422,401	-	72,422,401	-
Total Noncurrent Liabilities	<u>503,046,035</u>	<u>-</u>	<u>503,046,035</u>	<u>5,832,658</u>
Total Liabilities	<u>554,208,598</u>	<u>35,994</u>	<u>554,244,592</u>	<u>8,117,314</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	327,733	-	327,733	-
Deferred Inflows - OPEB	48,887,031	-	48,887,031	-
Deferred Charge on Refunding	1,661,300	-	1,661,300	-
Total Deferred Inflows of Resources	<u>50,876,064</u>	<u>-</u>	<u>50,876,064</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	327,332,554	4,365,428	331,697,982	-
Unrestricted	(77,418,339)	3,535,640	(73,882,699)	21,410,182
Total Net Position	<u>\$ 249,914,215</u>	<u>\$ 7,901,068</u>	<u>257,815,283</u>	<u>\$ 21,410,182</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(11,694,785)	
Net Position of Business-Type Activities			<u>\$ 246,120,498</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, 2023

	Business-Type Activities - Enterprise Funds			Business-Type Activities Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
OPERATING REVENUES				
Water Sales	\$ 89,549,054	\$ -	\$ 89,549,054	\$ -
Energy Sales	-	603,453	603,453	-
Operating Contributions	-	-	-	10,262,573
Other Operating	8,030,050	-	8,030,050	-
Total Operating Revenues	<u>97,579,104</u>	<u>603,453</u>	<u>98,182,557</u>	<u>10,262,573</u>
OPERATING EXPENSES				
General Government	10,913,235	-	10,913,235	-
Operations	16,882,447	-	16,882,447	12,820,651
Plants and Maintenance	19,656,058	-	19,656,058	-
Employee Benefits and Other	(2,263,242)	-	(2,263,242)	-
Source of Supply	-	164,968	164,968	-
Depreciation Expense	20,490,124	132,932	20,623,056	-
Total Operating Expenses	<u>65,678,622</u>	<u>297,900</u>	<u>65,976,522</u>	<u>12,820,651</u>
OPERATING INCOME (LOSS)	31,900,482	305,553	32,206,035	(2,558,078)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	6,640,995	-	6,640,995	-
Miscellaneous Revenue	591,736	-	591,736	-
Gain (Loss) on Disposal of Assets	140,307	-	140,307	-
Interest and Fiscal Charges	(9,838,099)	-	(9,838,099)	-
Net Nonoperating Revenues (Expenses)	<u>(2,465,061)</u>	<u>-</u>	<u>(2,465,061)</u>	<u>-</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS, AND CAPITAL CONTRIBUTIONS	29,435,421	305,553	29,740,974	(2,558,078)
Capital Grants	206,114	-	206,114	-
Capital Contributions	4,980,428	-	4,980,428	-
Transfers In	3,995,335	-	3,995,335	-
Transfers Out	-	(1,500,000)	(1,500,000)	(8,748,164)
CHANGE IN NET POSITION	38,617,298	(1,194,447)	37,422,851	(11,306,242)
Net Position - Beginning of Year	<u>211,296,917</u>	<u>9,095,515</u>	-	<u>32,716,424</u>
NET POSITION - END OF YEAR	<u>\$ 249,914,215</u>	<u>\$ 7,901,068</u>	-	<u>\$ 21,410,182</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>(6,274,420)</u>	
Change in Net Position of Business-Type Activities			<u>\$ 31,148,431</u>	

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	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	\$ 99,717,852	\$ 707,704	\$ 100,425,556	\$ 10,293,486
Payments for Interfund Services Provided	-	-	-	564,136
Payments to Suppliers	(48,568,718)	(136,562)	(48,705,280)	(12,997,042)
Payments to Employees	(17,080,821)	-	(17,080,821)	-
Receipts from Interfund Services Used	-	-	-	1,361,168
Net Cash Provided (Used) by Operating Activities	34,068,313	571,142	34,639,455	(778,252)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments for Interfund Services Provided	-	(1,500,000)	(1,500,000)	(8,748,164)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets/Utility Plant	(41,709,880)	(70,051)	(41,779,931)	-
Proceeds from Bonds	40,423,600	-	40,423,600	-
Proceeds from Bond Premiums	5,022,040	-	5,022,040	-
Proceeds from Drinking Water Loans	2,188,631	-	2,188,631	-
Proceeds from Capital Grant	206,114	-	206,114	-
Principal Payments on Bonds	(19,826,431)	-	(19,826,431)	-
Principal Payments on Drinking Water Loans	(3,834,216)	-	(3,834,216)	-
Interest Payments on Bonds and Notes	(14,256,390)	-	(14,256,390)	-
Proceeds from General Fund	3,995,335	-	3,995,335	-
Proceeds on Sale of Assets	3,521,466	-	3,521,466	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(24,269,731)	(70,051)	(24,339,782)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	6,640,995	-	6,640,995	-
Net Cash Provided (Used) by Investing Activities	6,640,995	-	6,640,995	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,439,577	(998,909)	15,440,668	(9,526,416)
Cash and Cash Equivalents - Beginning of Year	70,115,544	4,281,517	74,397,061	39,053,912
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 86,555,121</u>	<u>\$ 3,282,608</u>	<u>\$ 89,837,729</u>	<u>\$ 29,527,496</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	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)	\$ 31,900,482	\$ 305,553	\$ 32,206,035	\$ (2,558,078)
Adjustments to Reconcile Operating Income (Loss) to Activities:				
Depreciation	20,490,124	132,932	20,623,056	-
Miscellaneous Nonoperating Revenue (Expense)	591,736	-	591,736	-
Changes in Assets, Deferred Outflows of Resources, and Liabilities:				
(Increase) Decrease in Accounts Receivable	1,899,513	104,251	2,003,764	30,913
(Increase) Decrease in Due from Other Funds	-	-	-	564,136
(Increase) Decrease in Supplies	(56,984)	-	(56,984)	-
(Increase) Decrease in Other Assets	(2,000,000)	-	(2,000,000)	-
(Increase) Decrease in Prepaid Items	(91,894)	-	(91,894)	-
(Increase) Decrease in Deferred Outflows of Resources Related to Pensions	7,691,093	-	7,691,093	-
(Increase) Decrease in Deferred Outflows of Resources Related to OPEB	9,532,241	-	9,532,241	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	440,164	28,406	468,570	(56,660)
Increase (Decrease) in Due to Other Funds	-	-	-	1,361,168
Increase (Decrease) in Customer Advances for Construction	239,235	-	239,235	-
Increase (Decrease) in Compensated Absences	2,380,359	-	2,380,359	-
Increase (Decrease) in Net OPEB Liability	928,289	-	928,289	-
Increase (Decrease) in Net Pension Liability	(6,154,887)	-	(6,154,887)	-
Increase (Decrease) in Claims Payable	-	-	-	(119,731)
Increase (Decrease) in Deferred Inflows of Resources Related to Pensions	(127,617)	-	(127,617)	-
Increase (Decrease) in Deferred Inflows of Resources Related to OPEB	(33,593,541)	-	(33,593,541)	-
Total Adjustments	<u>2,167,831</u>	<u>265,589</u>	<u>2,433,420</u>	<u>1,779,826</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,068,313</u>	<u>\$ 571,142</u>	<u>\$ 34,639,455</u>	<u>\$ (778,252)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Purchase of Capital Assets on Account	\$ 2,553,958	\$ -	\$ 2,553,958	\$ -
Capital Assets Contributed by Developers	4,980,428	-	4,980,428	-

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 3,385,773
Accounts Receivable	140,101
Investments, at Fair Value:	
Mutual Funds	115,854,243
Guaranteed Investment Contracts	16,890,553
Commingled Collective Trusts	89,025,063
Real Estate	31,361,609
Due from Other Funds	1,361,168
Total Assets	258,018,510
LIABILITIES	
Accounts Payable	8,570
Total Liabilities	8,570
NET POSITION	
Restricted for Pension Benefits	246,185,146
Restricted for OPEB Benefits	11,824,794
Total Net Position	\$ 258,009,940

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer	\$ 16,532,033
Plan Members	2,650,509
Total Contributions	<u>19,182,542</u>
Investment Income (Loss):	
Net Change in Fair Value of Investments	24,972,449
Interest and Dividends	3,493,177
Total Investment Income (Loss)	<u>28,465,626</u>
Less Investment Expenses:	
Investment Management Fees	970,398
Net Investment Income (Loss)	<u>27,495,228</u>
Total Additions	46,677,770
DEDUCTIONS:	
Benefits	30,531,257
Administrative Expense	203,435
Total Deductions	<u>30,734,692</u>
CHANGE IN NET POSITION	15,943,078
Net Position - Beginning of Year	<u>242,066,862</u>
NET POSITION - END OF YEAR	<u><u>\$ 258,009,940</u></u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

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, 2023**

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, 2023**

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, 2023**

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, 2023**

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, 2023**

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.

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, 2023**

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, 2023**

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 Balance

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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance (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.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, 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, 2023**

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, 2023**

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*, \$23,470,573 of the District's bank balance of \$24,220,573 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 21,048,516
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the District's Name	2,422,057
Total Amount Subject to Custodial Credit Risk	\$ 23,470,573

2. Cash Equivalents

At December 31, 2023, the District's cash equivalents amounted to \$249,600,438. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

	Standard and Poor's
State Short-Term Investment Fund (STIF)	AAA
U.S. Bank	*
Wilmington Trust	*

* Not Rated

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023:

	December 31, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 115,854,243	\$ 115,854,243	\$ -	\$ -
Guaranteed Investment Contracts	16,890,553	-	14,689,432	2,201,121
Total Investments by Fair Value Level	132,744,796	<u>\$ 115,854,243</u>	<u>\$ 14,689,432</u>	<u>\$ 2,201,121</u>
Investments Measured at Net Asset Value (NAV):				
Commingled Collective				
Trusts	89,025,063			
Timberland Investments	11,180,356			
Cornerstone Real Estate	10,219			
Madison Realty	8,595,645			
Intercontinental U.S. REIF	11,575,389			
Total Investments Measured at NAV	<u>120,386,672</u>			
Total Investments Measured at Fair Value	<u>\$ 253,131,468</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, 2023**

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	\$ 89,025,063	\$ -	Up to Monthly	Up to 10 Days
Timberland Investments	11,180,356	549,776	Hold to Maturity	Hold to Maturity (15 to 18 Years Total)
Cornerstone Real Estate	10,219	1,336,013	Hold to Maturity	Hold to Maturity (7 to 9 Years Total)
Madison Realty	8,595,645	1,324,726	Hold to Maturity	Hold to Maturity (6 to 9 Years Total)
Intercontinental U.S. REIF	11,575,389	-	Quarterly	30-60 days
Total Investments Measured at NAV	<u>\$ 120,386,672</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 8.1 years and average duration of 6.1 years, as of December 31, 2023. 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. Rhumblin 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, industrial 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. Madison Realty operates closed-end real estate debt funds that focus on commercial real estate loans in the Eastern U.S. Both Fund III and Fund V have initial terms of six years, with the option to extend each by up to three additional years upon Advisory Committee approval.

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, 2023**

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, 2023, 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 following represents the investments in the Plan that represents more than 5 percent of the Plan's net position as of December 31, 2023:

Pension Fund

CIF Small Cap 2000 Portfolio	\$ 28,069,355
Aetna Guaranteed Investment Contracts - Fixed Income	14,689,432
RhumbLine Mid-Cap Index Fund Pooled Trust	29,021,513
U.S. Real Estate Investment Fund, LLC	11,575,389
Hardman Johnston International Equity Group Trust	33,521,929
FIA Timber Growth and Value Partners, L.P.	11,180,356
Fidelity 500 Index Fund	80,520,310

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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	Trust Funds	Total
Sewer Use Charges	\$ 14,276,209	\$ 12,191,471	\$ -	\$ 4,521,320	\$ -	\$ -	\$ 30,989,000
Customers and Employees	15,325,866	318,244	-	13,389,811	-	-	29,033,921
Assessments	90,587	-	1,853,302	801,891	-	-	2,745,780
Accrued Interest	941	-	279,147	174,637	-	-	454,725
Intergovernmental	-	6,564,367	-	-	-	-	6,564,367
Other	608,638	-	-	-	41,931	140,101	790,670
Gross Receivables	30,302,241	19,074,082	2,132,449	18,887,659	41,931	140,101	70,578,463
Less: Allowance for Uncollectibles	22,627,201	1,692,930	-	2,119,555	-	-	26,439,686
Net Total Receivables	<u>\$ 7,675,040</u>	<u>\$ 17,381,152</u>	<u>\$ 2,132,449</u>	<u>\$ 16,768,104</u>	<u>\$ 41,931</u>	<u>\$ 140,101</u>	<u>\$ 44,138,777</u>

C. Interfund Receivables, Payables, and Transfers

During the course of operations, transactions are processed through one fund on behalf of another fund.

Receivable Fund	Payable Fund	Amount
OPEB Trust Fund	Internal Service Fund	\$ 1,361,168

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2023, were as follows:

	Transfers In			Total Transfers Out
	General Fund	Debt Service Fund	Water Utility	
Transfers Out:				
General Fund	\$ -	\$ 35,847,879	\$ -	\$ 35,847,879
Clean Water Fund	-	56,772,030	-	56,772,030
Hydroelectric Development Plan	1,500,000	-	-	1,500,000
Internal Service Fund	4,752,829	-	3,995,335	8,748,164
Capital Projects Fund	250,000	-	-	250,000
Total Transfers In	<u>\$ 6,502,829</u>	<u>\$ 92,619,909</u>	<u>\$ 3,995,335</u>	<u>\$ 103,118,073</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,248,534	\$ 4,238,896	\$ -	\$ 14,487,430
Construction in Progress	1,020,019,835	109,543,119	226,382,566	903,180,388
Total Capital Assets Not Being Depreciated	1,030,268,369	113,782,015	226,382,566	917,667,818
Capital Assets Being Depreciated:				
Buildings	498,676,815	2,148,529	4,360,775	496,464,569
Machinery and Equipment	83,182,567	3,817,844	1,227,860	85,772,551
Infrastructure	943,226,424	217,007,385	1,801,679	1,158,432,130
Total Capital Assets Being Depreciated	1,525,085,806	222,973,758	7,390,314	1,740,669,250
Less Accumulated Depreciation for:				
Buildings	213,059,453	16,957,518	670,193	229,346,778
Machinery and Equipment	27,862,202	5,342,553	560,958	32,643,797
Infrastructure	222,825,163	15,936,087	7,302	238,753,948
Total Accumulated Depreciation	463,746,818	38,236,158	1,238,453	500,744,523
Total Capital Assets Being Depreciated, Net	1,061,338,988	184,737,600	6,151,861	1,239,924,727
Governmental Activities Capital Assets, Net	<u>\$ 2,091,607,357</u>	<u>\$ 298,519,615</u>	<u>\$ 232,534,427</u>	<u>\$ 2,157,592,545</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,847,885	\$ -	\$ -	\$ 10,847,885
Construction in Progress	167,694,671	45,517,143	44,862,623	168,349,191
Total Capital Assets Not Being Depreciated	178,542,556	45,517,143	44,862,623	179,197,076
Capital Assets Being Depreciated:				
Buildings	174,960,440	4,881,790	256,961	179,585,269
Machinery and Equipment	54,497,471	2,581,129	985,252	56,093,348
Infrastructure	547,397,464	41,196,879	2,890,948	585,703,395
Total Capital Assets Being Depreciated	776,855,375	48,659,798	4,133,161	821,382,012
Less Accumulated Depreciation for:				
Buildings	72,691,400	4,331,440	54,615	76,968,225
Machinery and Equipment	15,043,576	3,875,799	538,741	18,380,634
Infrastructure	163,231,986	12,415,817	158,646	175,489,157
Total Accumulated Depreciation	250,966,962	20,623,056	752,002	270,838,016
Total Capital Assets Being Depreciated, Net	525,888,413	28,036,742	3,381,159	550,543,996
Business-Type Activities Capital Assets, Net	<u>\$ 704,430,969</u>	<u>\$ 73,553,885</u>	<u>\$ 48,243,782</u>	<u>\$ 729,741,072</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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	\$ 2,573,148
Operations	12,552,224
Plant and Maintenance	<u>23,110,786</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 38,236,158</u>
Business-Type Activities:	
Water	\$ 20,490,124
Hydroelectricity	<u>132,932</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 20,623,056</u>

Construction Commitments

The District has active construction projects as of December 31, 2023. At year-end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Remaining Commitment</u>
2015 Hartford WPCF DAFT 1&2 (SPB Solids)	\$ 81,630
2018 WPC Plant Infrastructure Renewal and Replacement	430,586
2018 Sewer Rehabilitation Program	116,506
2019 WPC Infrastructure, Rehabilitation, Upgrades and Replacements	112,588
2020 WPC Infrastructure Rehabilitation, Upgrades & Replacements	93,867
2020 Hartford Sewershed Large Diameter Sewer	175,266
2020 Various Sewer Pipe Replacements & Rehabilitation	90,110
2021 Northern Interceptor Sewer Rehabilitation	144,603
2021 East Hartford WPCF - Aeration, DO Control & SCADA Upgrades	4,847,559
2022 Hartford Hospital Area Water Main Replacement – Sewer Work	525,111
2022 Brookside Rd Sanitary Pump Station Replacement	3,443,462
2023 General Purpose Sewer	540,925
2023 Hartford Water Pollution Control Facility Secondary Electric Upgrades	3,101,401
2023 Paving Program	634,069
2015 SHCST - Clean Water II	1,519,824
2015 SHCST Construction - Clean Water II	5,491,475
2015 SHCST Pump Station - Clean Water II	78,396,864
2023 Various Sewer Pipe Replacements/Rehabilitation	507,642
2023 Sewer and Lateral Rehabilitation in North Meadows Drainage Area (NM2/3/4)	2,500,342
2023 Expedited Sewer Separation in North Hartford	<u>1,578,738</u>
Total	<u>\$ 104,332,568</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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>
2014 Orchard Street Water Pump Station, Glastonbury	\$ 3,148,140
2015 Water Supply Improvements	800,315
2018 Buckingham Street Area Water Main Replacement	737,642
2019 Water Supply Infrastructure Rehabilitation, Upgrades & Replacements	1,157,732
2019 Water Main Replacement Program	280,885
Webster Hill Area Water Main Replacement WH	127,867
2020 Water Main Replacements Hartford & Wethersfield	209,554
2020 General Purpose Water Program	197,280
2021 General Purpose Water	200,256
2021 New Park Avenue Water Main Replacement	227,457
2021 Wickham Hill Area Water Main Replacement	947,694
AWMR -Contract #4	691,852
2022 Farmington 11 / Sisson Ave. Area Main Replacement Water Work	737,871
2022 Boulevard & Garfield Rd Water Main Replacements (Accelerated Plus)	346,624
2022 Capitol Ave. Area Water Main Replacement	3,829,861
2022 Hartford Hospital Area Water Main Replacement	2,591,983
2023 General Purpose Water	118,664
2023 East Hartford Water Main Replacements	4,146,679
2023 District-Wide Water Main Replacement	1,661,335
2018 Paving Program	157,437
2022 Paving Program	161,400
2023 Paving Program	2,517,547
Total	<u>\$ 24,996,075</u>

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 360,843,438	\$ 35,306,400	\$ 21,838,569	\$ 374,311,269	\$ 22,779,711
Revenue Bonds	309,455,000	-	12,700,000	296,755,000	12,855,000
Premiums	71,020,930	4,385,790	8,460,708	66,946,012	-
Total Bonds Payable	741,319,368	39,692,190	42,999,277	738,012,281	35,634,711
Clean Water Fund Loans	433,151,230	21,812,570	27,644,389	427,319,411	62,222,379
Compensated Absences	-	6,886,008	2,494,468	4,391,540	2,641,320
Net Pension Liability	41,809,131	-	4,294,867	37,514,264	-
Net OPEB Liability	53,380,471	1,129,928	-	54,510,399	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,269,660,200</u>	<u>\$ 69,520,696</u>	<u>\$ 77,433,001</u>	<u>\$ 1,261,747,895</u>	<u>\$ 100,498,410</u>
Business-Type Activities:					
General Obligation Bonds	\$ 296,016,562	\$ 40,423,600	\$ 19,826,431	\$ 316,613,731	\$ 21,100,289
Premiums	36,552,010	5,022,040	4,380,788	37,193,262	-
Total Bonds Payable	332,568,572	45,445,640	24,207,219	353,806,993	21,100,289
Drinking Water Fund Loans	55,810,939	2,188,631	3,834,216	54,165,354	8,083,399
Compensated Absences	-	8,488,171	3,129,784	5,358,387	3,364,784
Claims and Judgments	6,813,945	21,568,816	21,688,547	6,694,214	861,556
Net Pension Liability	55,996,259	-	6,154,887	49,841,372	-
Net OPEB Liability	71,494,112	928,289	-	72,422,401	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 522,683,827</u>	<u>\$ 78,619,547</u>	<u>\$ 59,014,653</u>	<u>\$ 542,288,721</u>	<u>\$ 33,410,028</u>

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	\$ 374,311,269
Business-Type Activities	Various	316,613,731
Total		<u>\$ 690,925,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 12/31/2023
2014 GO Series A Sewer	8/6/2014	\$ 19,914,230	2.86	2035	\$ 10,944,798
2014 Refunding B Sewer	8/6/2014	9,197,066	1.48	2024	187,502
2015 GO Series A Sewer	3/19/2015	33,973,310	2.85	2035	20,435,399
2015 GO Series B Sewer	11/3/2015	5,097,470	2.66	2035	3,057,600
2016 GO Series A Sewer	2/18/2016	17,431,020	2.30	2036	11,332,750
2016 Refunding B Sewer	4/28/2016	18,301,300	1.64	2028	7,242,290
2016 GO Series C Sewer	12/1/2016	67,900,630	3.86	2034	43,943,900
2018 GO Series A Sewer	7/31/2018	62,591,950	3.31	2038	46,942,550
2019 GO Series A Sewer	8/8/2019	38,395,250	2.55	2039	30,715,130
2019 Refunding B Sewer	8/8/2019	26,533,410	2.05	2035	19,822,650
2019 Refunding C Sewer	8/8/2019	32,070,000	2.74	2040	28,085,000
2021 GO Series A Sewer	8/31/2021	74,356,690	2.00	2041	69,459,320
2021 Refunding B Sewer	8/31/2021	6,183,180	1.24	2033	5,178,460
2022 GO Series A Sewer	8/30/2022	43,118,950	5.00	2042	41,657,520
2023 GO Series A Sewer	8/10/2023	35,306,400	3.39	2043	35,306,400
Total General Obligation Bonds					374,311,269
2020 Revenue Refunding A Sewer	8/25/2020	55,010,000	2.48	2045	43,945,000
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	56,380,000
2021 Revenue Refunding B Sewer	11/3/2021	135,410,000	2.61	2042	124,520,000
Total Revenue Bonds					296,755,000
Total					<u>\$ 671,066,269</u>

Business-Type Activities					
Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2023
2014 GO Series A Water	8/6/2014	27,820,770	2.86	2035	\$ 15,290,202
2014 Refunding B Water	8/6/2014	5,647,933	1.48	2024	367,498
2015 GO Series A Water	3/19/2015	32,766,691	2.85	2035	19,709,602
2015 GO Series B Water	11/3/2015	31,117,530	2.66	2035	18,662,400
2016 GO Series A Water	2/18/2016	15,593,980	2.30	2036	10,117,250
2016 Refunding B Water	4/28/2016	29,733,700	1.64	2028	11,767,710
2016 GO Series C Water	12/1/2016	40,414,370	3.86	2034	26,126,100
2018 GO Series A Water	7/31/2018	48,178,050	3.31	2038	36,132,449
2019 GO Series A Water	8/8/2019	38,104,750	2.55	2039	30,484,870
2019 Refunding B Water	8/8/2019	22,771,590	2.05	2035	17,012,350
2021 GO Series A Water	8/31/2021	56,453,310	2.00	2041	52,735,680
2021 Refunding B Water	8/31/2021	9,051,820	1.24	2033	7,581,540
2022 GO Series A Water	8/30/2022	31,261,050	5.00	2042	30,202,480
2023 GO Series A Water	8/10/2023	40,423,600	3.39	2043	40,423,600
Total					<u>\$ 316,613,731</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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
2024	\$ 22,779,711	\$ 16,603,901	\$ 21,100,289	\$ 13,708,519
2025	23,575,544	15,619,736	21,529,456	12,798,589
2026	23,908,874	14,509,670	21,771,126	11,785,555
2027	24,157,914	13,434,661	21,927,086	10,833,489
2028	24,434,929	12,348,339	22,080,071	9,922,711
2029-2033	116,929,681	45,581,070	99,510,319	36,222,545
2034-2038	92,216,945	21,145,445	72,208,055	16,437,430
2038-2042	46,307,671	4,743,072	36,487,329	3,967,728
Total	<u>\$ 374,311,269</u>	<u>\$ 143,985,894</u>	<u>\$ 316,613,731</u>	<u>\$ 115,676,566</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at December 31, 2023, is \$729,163,513. 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, 2023, the District reported unspent bond proceeds of \$43,787,028 and \$21,347,807 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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	Various	<u>\$ 296,755,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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>
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	16,465,000	7,459,799
2029-2033	89,345,000	27,921,194
2034-2038	85,495,000	14,145,786
2039-2043	45,535,000	3,756,429
2044-2045	2,020,000	152,750
Total	<u>\$ 296,755,000</u>	<u>\$ 88,375,004</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, 2023**

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 12/31/2023
CSL142	9/4/08	\$ 6,200,000	2.00 %	\$ 1,291,667
CSL149	3/31/09	12,710,000	2.00	3,018,625
CWF160C	12/27/07	1,888,557	2.00	330,497
166-CSL1	3/31/12	21,907,709	2.00	7,993,353
214-CSL	12/30/15	14,198,442	2.00	8,164,104
CWF451C	12/17/04	3,987,010	2.00	83,429
CWF508C	4/30/08	1,232,078	2.00	236,148
CWF520C	3/31/09	4,547,580	2.00	1,080,050
CWF521C	9/30/08	4,240,340	2.00	901,072
CWF578C	12/19/08	2,042,741	2.00	367,140
578-CD1	1/31/11	2,619,263	2.00	916,742
619-D1	3/31/12	12,600,000	2.00	4,597,297
626-C	1/29/13	22,160,848	2.00	8,956,677
652-C	1/31/16	25,528,771	2.00	15,423,632
652-C1	1/31/17	27,234,976	2.00	17,816,213
657-C	7/31/16	33,352,916	2.00	20,984,543
657-C1	7/31/17	40,852,371	2.00	27,745,569
692-C	1/31/18	46,785,354	2.00	32,944,687
657-C2	7/31/18	52,655,657	2.00	38,394,750
CWF 215-C	11/30/18	10,306,693	2.00	7,687,075
CWF 692-C1	1/31/19	31,761,844	2.00	23,953,724
CWF 652-C2	4/30/19	21,862,088	2.00	16,271,782
CWF 657-C3	6/30/19	17,782,244	2.00	13,336,683
CWF 697-DC (CIP)	2/28/20	15,019,750	2.00	11,327,394
CWF 692-C2	4/30/20	33,394,334	2.00	26,745,020
CWF 691-C	5/31/20	190,810	2.00	155,747
CWF 221-CSL	7/31/20	2,091,106	2.00	1,724,717
CWF 692-C3	1/31/21	17,875,420	2.00	15,268,589
CWF 657-C4	6/30/21	5,408,501	2.00	4,305,452
CWF 219-CSL	6/30/21	27,333,273	2.00	23,829,008
CWF 692-C4	5/31/22	24,949,781	2.00	22,974,589
CWF 683-D	3/31/23	730,606	2.00	702,506
Total Permanent Loan Obligations				359,528,481
CWF #692-C	Various	12,777,943		11,796,238
CWF #729-C	Various	25,832,376		23,425,352
CWF #719-C	Various	12,506,603		11,260,070
CWF #728-C	Various	18,543,867		21,309,270
Total Interim Loan Obligations				67,790,930
Total				<u>\$ 427,319,411</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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				
Description	Date of Issue	Original Amount	Interest Rate	Principal Outstanding 12/31/2023
DWSRF 2010 8008	8/31/11	\$ 2,579,412	2.00 %	859,804
DWSRF 2010 8009	2/29/12	772,079	2.00	257,359
DWSRF 2010 8009-1	1/29/13	193,644	2.00	73,420
DWSRF 2013-7012	7/15/14	2,780,620	2.00	1,332,380
DWSRF 2013-7013	6/1/15	2,713,243	2.00	1,397,320
DWSRF 2013-7014	9/30/15	4,691,464	2.00	2,638,948
DWSRF 2013-7015	5/31/16	5,635,824	2.00	3,132,455
DWSRF 2013-7017	6/30/15	2,013,468	2.00	1,073,850
DWSRF 2013-7018	9/30/14	398,083	2.00	194,066
DWSRF 2013-7019	6/30/15	1,539,774	2.00	808,382
DWSRF 2014-7021	4/30/16	3,809,525	2.00	2,063,493
DWSRF 2014-7026	3/31/15	1,691,379	2.00	909,116
DWSRF 2014-7029	3/31/16	3,173,899	2.00	1,732,903
DWSRF 2014-7030	7/31/16	1,892,813	2.00	1,096,255
DWSRF 2014-7031	5/31/16	3,626,881	2.00	2,015,862
DWSRF 2014-7032	12/31/16	3,162,716	2.00	2,027,382
DWSRF 2014-7033	8/31/16	1,501,320	2.00	921,862
DWSRF 2016-7035	8/31/16	2,203,262	2.00	1,352,880
DWSRF 2016-7042	8/31/16	825,335	2.00	506,785
DWSRF 2016-7043	2/28/17	1,129,379	2.00	730,491
DWSRF 2016-7044	4/30/17	2,754,227	2.00	1,767,296
DWSRF 2016-7045	7/31/17	2,445,859	2.00	1,599,999
DWSRF 2016-7047	2/28/17	3,004,951	2.00	1,943,628
DWSRF 2016-7046	6/29/18	3,051,182	2.00	2,135,828
DWSRF 2018-7061	3/30/19	1,892,634	2.00	1,431,608
DWSRF 2017-7055	4/30/19	1,691,022	2.00	1,286,333
DWSRF 2018-7062	7/31/19	1,814,906	2.00	1,403,837
DWSRF 2019-7074	8/31/20	2,046,805	2.00	1,696,924
DWSRF 2020-7086	1/31/21	1,334,309	2.00	1,138,087
DWSRF 2020-7088	1/31/22	2,274,924	2.00	2,051,320
DWSRF 2021-7092	3/31/23	3,071,879	2.00	2,953,730
DWSRF 2021-7093	4/30/23	5,642,975	2.00	5,450,053
Total Permanent Loan Obligations				49,983,656
DWSRF#2022-7102	Various	2,853,047		2,384,551
DWSRF#2023-7110	Various	1,797,147		1,797,147
Total Interim Loan Obligations				4,181,698
Total				\$ 54,165,354

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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>
2024	\$ 27,536,956	\$ 6,937,661
2025	27,453,527	6,388,173
2026	27,453,527	5,839,102
2027	27,343,597	5,290,456
2028	26,559,532	4,748,909
2029-2033	120,459,708	16,216,104
2034-2038	92,794,207	5,105,908
2039-2042	9,927,427	261,526
Total	<u>\$ 359,528,481</u>	<u>\$ 50,787,839</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,901,701	\$ 964,314
2025	3,901,702	886,372
2026	3,901,702	808,430
2027	3,901,702	730,488
2028	3,901,702	652,546
2029-2033	18,850,312	2,113,721
2034-2038	9,364,249	582,240
2039-2042	2,260,586	78,252
Total	<u>\$ 49,983,656</u>	<u>\$ 6,816,363</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>
2024	\$ 34,685,423	\$ 1,401,847
2025	11,796,239	193,735
2026	21,309,268	197,312
Total	<u>\$ 67,790,930</u>	<u>\$ 1,792,894</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,181,698	\$ 69,298

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 10, 2023, the District issued \$75,730,000 in General Obligation Bonds, Issue of 2023 with a Trust Interest Cost (TIC) of 3.39%. The net proceeds were \$84,987,885 (after payment of the Underwriter's Discount of \$149,945).

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	\$ 869,124,262	\$ 597,130,962

F. Fund Balance

The components of fund balance for the governmental funds at December 31, 2023, are as follows:

	General Fund	Debt Service	Clean Water Project	Capital Projects	Total
Fund Balances:					
Nonspendable:					
Prepays	\$ 680,358	\$ -	\$ -	\$ -	\$ 680,358
Supplies	4,925,010	-	-	-	4,925,010
Restricted for:					
Capital Projects	-	-	-	43,787,028	43,787,028
Debt Service	-	82,460	-	-	82,460
Committed to:					
Capital Projects	-	-	47,753,498	-	47,753,498
Unassigned	38,355,306	-	-	(5,715,113)	32,640,193
Total Fund Balances	\$ 43,960,674	\$ 82,460	\$ 47,753,498	\$ 38,071,915	\$ 129,868,547

There were no outstanding encumbrances at December 31, 2023.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, membership consisted of:

Retirees, Disabled and Beneficiaries	
Currently Receiving Benefits	666
Terminated Members Entitled to But	
Not Yet Receiving Benefits	54
Current Active Members	399
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, 2023**

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, 2023.

Asset Class	Target Allocation
Core Fixed Income	10.00 %
Global Funds	12.50
US Large Cap Equity	30.00
US Mid Cap Equity	10.00
US Small Cap Equity	10.00
Developed Foreign Equities	12.50
Real Estate (REITS)	10.00
Commodities	5.00

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.45%. 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, 2023**

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, 2023 were as follows:

Total Pension Liability	\$ 333,540,782
Plan Fiduciary Net Position	246,185,146
Net Pension Liability	<u>\$ 87,355,636</u>

Plan Fiduciary Net Position as a Percentage	
Percentage of the Total Pension Liability	73.81%

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, 2023, 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, 2023**

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, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Core Fixed Income	2.13%
Global Funds	0.42
US Large Cap Equity	4.09
US Mid Cap Equity	3.94
US Small Cap Equity	4.67
Developed Foreign Equities	5.15
Real Estate (REITS)	4.50
Commodities	3.85

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 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023	\$ 328,618,905	\$ 230,813,515	\$ 97,805,390
Changes for the Year:			
Service Cost	4,859,913	-	4,859,913
Interest on Total Pension Liability	21,372,867	-	21,372,867
Differences Between Expected and Actual Experience	782,358	-	782,358
Changes in Assumptions	-	-	-
Employer Contributions	-	8,664,627	(8,664,627)
Member Contributions	-	2,645,173	(2,645,173)
Net Investment Gain (Loss)	-	26,222,522	(26,222,522)
Benefit Payments, Including Refund of Employee Contributions	(22,093,261)	(22,093,261)	-
Administrative Expenses	-	(67,430)	67,430
Net Changes	4,921,877	15,371,631	(10,449,754)
Balances - December 31, 2023	\$ 333,540,782	\$ 246,185,146	\$ 87,355,636

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	\$ 123,817,869	\$ 87,355,636	\$ 56,275,056

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the District recognized pension expense of \$14,564,950, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$8,310,135 and \$6,254,815, respectively. At December 31, 2023, 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	\$ -	\$ 2,980,135
Changes of Assumptions	574,408	5,119,318
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	14,683,339
Total	\$ 574,408	\$ 22,782,792

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
2024	\$ 7,788,471
2025	7,009,813
2026	9,596,991
2027	(2,186,891)
Total	\$ 22,208,384

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, 2023**

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	\$ 267,141	\$ 3,118,632	\$ 3,385,773
Accounts Receivable	51,115	88,986	140,101
Investments, at Fair Value:			
Mutual Funds	108,589,665	7,264,578	115,854,243
Guaranteed Investment Contracts	16,890,553	-	16,890,553
Land	-	-	-
Commingled Collective Trusts	89,025,063	-	89,025,063
Real Estate	31,361,609	-	31,361,609
Due from Other Funds	-	1,361,168	1,361,168
Total Assets	<u>246,185,146</u>	<u>11,833,364</u>	<u>258,018,510</u>
LIABILITIES			
Accounts Payable	-	8,570	8,570
Total Liabilities	<u>-</u>	<u>8,570</u>	<u>8,570</u>
NET POSITION			
Restricted for Pension and OPEB Benefits	<u>\$ 246,185,146</u>	<u>\$ 11,824,794</u>	<u>\$ 258,009,940</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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	\$ 8,664,627	\$ 7,867,406	\$ 16,532,033
Plan Members	2,645,173	5,336	2,650,509
Total Contributions	<u>11,309,800</u>	<u>7,872,742</u>	<u>19,182,542</u>
Investment Earnings:			
Net Change in Fair Value of Investments	23,858,922	1,113,527	24,972,449
Interest and Dividends	3,330,906	162,271	3,493,177
Total Investment Earnings (Loss)	<u>27,189,828</u>	<u>1,275,798</u>	<u>28,465,626</u>
Less Investment Expenses:			
Investment Management Fees	967,306	3,092	970,398
Net Investment Earnings (Loss)	<u>26,222,522</u>	<u>1,272,706</u>	<u>27,495,228</u>
Total Additions (Reductions)	<u>37,532,322</u>	<u>9,145,448</u>	<u>46,677,770</u>
DEDUCTIONS			
Benefits	22,093,261	8,437,996	30,531,257
Administrative Expense	67,430	136,005	203,435
Total Deductions	<u>22,160,691</u>	<u>8,574,001</u>	<u>30,734,692</u>
CHANGE IN NET POSITION	15,371,631	571,447	15,943,078
Net Position - Beginning of Year	<u>230,813,515</u>	<u>11,253,347</u>	<u>242,066,862</u>
NET POSITION - END OF YEAR	<u>\$ 246,185,146</u>	<u>\$ 11,824,794</u>	<u>\$ 258,009,940</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, 2023**

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, 2023. 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, 2023**

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.91%. 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, 2023. The components of the net OPEB liability of the District at December 31, 2023 were as follows:

Total OPEB Liability	\$ 138,757,594
Plan Fiduciary Net Position	11,824,794
Net OPEB Liability	\$ 126,932,800

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.52%
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**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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% (6.00% for Post-65) – 4.20% 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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Core Fixed Income	25 %	2.13 %
Large Cap U.S. Equities	40%	4.09%
US Mid Cap Equity	10 %	3.94 %
US Small Cap Equity	5 %	4.67 %
Foreign Developed Equity	10 %	5.15 %

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 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023	\$ 136,127,930	\$ 11,253,347	\$ 124,874,583
Changes for the Year:			
Service Cost	2,179,800	-	2,179,800
Interest on Total OPEB Liability	8,887,860	-	8,887,860
Differences Between Expected and Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Employer Contributions	-	7,867,406	(7,867,406)
Member Contributions	-	5,336	(5,336)
Net Investment Gain (Loss)	-	1,272,706	(1,272,706)
Benefit Payments, Including Refund of Employee Contributions	(8,437,996)	(8,437,996)	-
Reallocation of Healthcare Costs	-	-	-
Administrative Expenses	-	(136,005)	136,005
Net Changes	<u>2,629,664</u>	<u>571,447</u>	<u>2,058,217</u>
Balances - December 31, 2023	<u>\$ 138,757,594</u>	<u>\$ 11,824,794</u>	<u>\$ 126,932,800</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:

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
Net OPEB Liability	\$ 143,982,252	\$ 126,932,800	\$ 112,725,849

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 107,622,014	\$ 126,932,800	\$ 150,630,079

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the District recognized OPEB revenue of \$35,051,413, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$19,998,830 and \$15,052,583, respectively. At December 31, 2023, 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	\$ 58,853,930	\$ -
Changes of Assumptions	26,829,058	7,932,229
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	674,202
Total	<u>\$ 85,682,988</u>	<u>\$ 8,606,431</u>

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>
2024	\$ (54,985,385)
2025	(13,717,998)
2026	(8,263,099)
2027	(110,075)
Total	<u>\$ (77,076,557)</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023**

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. 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 replaces the original consent order, incorporates a Phase I Implementation Plan for the years 2023-2029. The resubmitted LTCP introduced the concept of an "Integrated Plan". The Integrated Plan or the "Plan", coordinates the District's ongoing capital improvement and maintenance program with projects reasonably necessary to comply with the CSO consent order. The 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 projects (which are in construction) and related improvements. However, the resubmitted LTCP replaces the North Tunnel concept with a shortened downtown area tunnel and incorporates 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.

Integrated Plan projects were initiated in 2023. More refinements to the consent order were contemplated and incorporated through a Consent Order modification in July 2023. These refinements included faster implementation and more projects in North Hartford to address private property issues. A new approved list of projects in the modified Consent Order included some new projects, some existing projects that need to be scheduled sooner and some projects that fell completely out of Phase I.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 projected that the Clean Water Project Charge would remain flat through 2023 and then increase incrementally to approximately \$7.40 per hundred cubic feet (CCF) and 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 outside approvals. The primary reasons for the increase in the Clean Water Project Charge are 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. 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 about the same on average. This assumes a continued level of Federal and State support in the form of grants and low-cost loans consistent with the support provided to date. Other options would increase the surcharge, particularly those options that accelerate work or change the sequencing, 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, and in particular the residents of Hartford, 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.

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, 2023**

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, \$296,755,000 of which were outstanding as of December 31, 2023. 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, 2023**

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 \$6,694,214 for the self-insurance fund reported at December 31, 2023, 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
2022	\$ 6,391,325	\$ 13,449,915	\$ 13,027,295	\$ 6,813,945
2023	6,813,945	21,568,816	21,688,547	6,694,214

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 \$87,000, exclusive of interest. 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 engaged in both court-annexed mediation and private mediation in a good faith effort to settle what will undoubtedly prove to be a complicated and extremely technical proceeding at trial. These efforts were unsuccessful, and the matter is proceeding in federal court, with a "trial ready" date in January, 2025.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

2. Other (Continued)

It should be noted that the litigation described above includes claims by the MDC that KOJV 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, the amount of which continues to increase daily. Further, 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 intends to press its claim for liquidated damages against any successful claim by KOJV.

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REQUIRED SUPPLEMENTARY INFORMATION

- TENTATIVE REPORT -
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SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxation:				
Hartford	\$ 13,923,310	\$ 13,923,310	\$ 13,923,310	\$ -
East Hartford	6,227,300	6,227,300	6,227,300	-
Newington	4,776,720	4,776,720	4,776,720	-
Wethersfield	4,266,270	4,266,270	4,266,270	-
Windsor	4,712,920	4,712,920	4,712,920	-
Bloomfield	3,831,630	3,831,630	3,831,630	-
Rocky Hill	3,294,640	3,294,640	3,294,640	-
West Hartford	12,043,810	12,043,810	12,043,810	-
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	2,600,425	1,319,625
Customer Service Charge	9,869,900	9,869,900	9,719,397	(150,503)
Nonmunicipal - Tax Exempt	6,360,000	6,360,000	6,472,524	112,524
Hi-Flow Charges	1,700,000	1,700,000	2,987,922	1,287,922
Hi-Strength	600,000	600,000	756,539	156,539
Manchester	180,000	180,000	183,169	3,169
South Windsor	17,700	17,700	16,900	(800)
Farmington	184,700	184,700	155,804	(28,896)
Cromwell	11,700	11,700	10,126	(1,574)
Total Sewer User Fees	20,204,800	20,204,800	22,902,806	2,698,006
Intergovernmental:				
Sludge Handling	11,900,000	11,900,000	14,156,626	2,256,626
Household Hazardous Waste	31,000	31,000	32,896	1,896
Total Intergovernmental	11,931,000	11,931,000	14,189,522	2,258,522
Investment Income	153,000	153,000	1,041,203	888,203

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES (CONTINUED)				
Other Revenues:				
Bill Jobs	\$ 20,000	\$ 20,000	\$ 126,231	\$ 106,231
FOG Charges	236,000	236,000	223,498	(12,502)
Developers	575,000	575,000	-	(575,000)
Payroll Additives and Indirect Costs	96,515	96,515	185,208	88,693
Late Payment Charges	1,253,500	1,253,500	2,561,769	1,308,269
Labor Additives and Overhead	21,106	21,106	34,717	13,611
Property Rents	153,800	153,800	165,520	11,720
Sale of Materials/Equipment	150,000	150,000	96,975	(53,025)
Septage/Glycol Discharge Fees	950,000	950,000	1,490,006	540,006
Rebates and Reimbursements	50,000	50,000	160,654	110,654
Vendor Discount Revenue	500	500	233	(267)
Miscellaneous	150,000	150,000	1,806,235	1,656,235
Total Other Revenues	<u>3,656,421</u>	<u>3,656,421</u>	<u>6,851,046</u>	<u>3,194,625</u>
Total Revenues	89,021,821	89,021,821	98,061,177	9,039,356
OTHER FINANCING SOURCES				
Transfers In	8,232,829	8,232,829	6,252,829	(1,980,000)
Total Other Financing Sources	<u>8,232,829</u>	<u>8,232,829</u>	<u>6,252,829</u>	<u>(1,980,000)</u>
Total Revenues and Other Financing Sources	97,254,650	97,254,650	104,314,006	7,059,356
EXPENDITURES				
General Government:				
District Board	257,500	257,500	247,381	10,119
Executive Office	1,578,900	1,578,900	1,282,890	296,010
Legal	737,300	737,300	630,403	106,897
Customer Service	991,500	991,500	950,839	40,661
Information Systems	3,080,600	3,080,600	2,954,671	125,929
Finance	2,362,700	2,362,700	2,161,440	201,260
Total General Government	<u>9,008,500</u>	<u>9,008,500</u>	<u>8,227,624</u>	<u>780,876</u>
Engineering and Planning	526,100	526,100	421,631	104,469
Operations:				
Environmental Health and Safety	496,400	496,400	455,609	40,791
Command Center	2,060,300	2,060,300	2,013,494	46,806
Chief Operating Office	427,000	427,000	423,652	3,348
Operations	3,548,700	3,548,700	3,340,643	208,057
Total Operations	<u>6,532,400</u>	<u>6,532,400</u>	<u>6,233,398</u>	<u>299,002</u>

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Final Budget - Positive (Negative)
	Original	Final		
Plants and Maintenance:				
Water Pollution Control	\$ 21,537,206	\$ 21,537,206	\$ 18,978,256	\$ 2,558,950
Laboratory Services	758,000	758,000	722,661	35,339
Maintenance	6,226,600	6,226,600	5,441,080	785,520
Special Agreements and Programs	1,816,364	1,816,364	1,395,654	420,710
Water Treatment and Supply		-	1,764	(1,764)
Total Plants and Maintenance	<u>30,338,170</u>	<u>30,338,170</u>	<u>26,539,415</u>	<u>3,798,755</u>
Employee Benefits and Other:				
Employee Benefits	11,729,500	11,729,500	11,557,289	172,211
General Insurance	891,900	891,900	862,966	28,934
Total Employee Benefits and Other	<u>12,621,400</u>	<u>12,621,400</u>	<u>12,420,255</u>	<u>201,145</u>
Contingency	1,980,000	1,980,000	-	1,980,000
Debt Service:				
Principal	20,892,616	20,892,616	20,892,616	-
Interest	14,955,263	14,955,263	14,955,263	-
Interest Expense IFO/PLO	300,201	300,201	26,236	273,965
Legal Services	100,000	100,000	43,484	56,516
Total Debt Service	<u>36,248,080</u>	<u>36,248,080</u>	<u>35,917,599</u>	<u>330,481</u>
Total Expenditures	<u>97,254,650</u>	<u>97,254,650</u>	<u>89,759,922</u>	<u>7,494,728</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	14,554,084	<u>\$ 14,554,084</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	(16,988)
The District does not Budget for Sales Accruals	57,534
The District does not Budget for Certain Miscellaneous Revenue	52,805
The District does not Budget for Billable or Developer Payroll	(143,966)
The District does not Budget for Billable or Developer Accrual	(100,000)
The District does not Budget for Certain Nonfunded Payroll	(123,132)
The District does not Budget for Year-End Payroll Accruals	(19,506)
The District does not Budget for Bad Debts	(993,829)
The District does not Budget for Year-End Expense Accruals	(203,809)
The District does not Budget for Deferred Inflow of Resources	(1,068,575)
The District does not Budget for the Lateral Installation Program	236,263
The District does not Budget for Liquid Waste Discharge Accruals	<u>(2,077,726)</u>

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

\$ 10,153,155

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 4,859,913	\$ 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	21,372,867	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	782,358	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	(22,093,261)	(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	4,921,877	6,728,653	11,186,747	25,801,264	14,937,573	12,827,380	4,343,792	5,964,669	13,007,616	4,958,024
Total Pension Liability - Beginning	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	228,863,187
Total Pension Liability - Ending	333,540,782	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	8,664,627	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	2,645,173	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)	26,222,522	(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	(22,093,261)	(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	(67,430)	(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	15,371,631	(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	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	192,350,069
Plan Fiduciary Net Position - Ending	246,185,146	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	<u>\$ 87,355,636</u>	<u>\$ 97,805,390</u>	<u>\$ 42,686,701</u>	<u>\$ 57,357,212</u>	<u>\$ 58,115,900</u>	<u>\$ 68,260,184</u>	<u>\$ 37,216,636</u>	<u>\$ 51,506,099</u>	<u>\$ 51,914,729</u>	<u>\$ 34,920,676</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.81%	70.24%	86.74%	81.54%	79.60%	74.72%	85.53%	79.63%	78.97%	85.07%
Covered Payroll	\$ 44,206,618	\$ 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	197.61%	221.74%	90.47%	127.71%	129.40%	159.56%	88.41%	117.13%	121.71%	84.23%

Notes to Schedule:

No changes to significant methods and assumptions.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 8,664,627	\$ 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
Contributions in Relation to the Actuarially Determined Contribution	8,664,627	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
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (85)	\$ (1,894,418)	\$ 1,068,345	\$ (852,521)	\$ (923,622)	\$ -	\$ (194,777)	\$ (60,399)
Covered Payroll	\$ 44,206,618	\$ 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
Contributions as a Percentage of Covered Payroll	19.60%	20.72%	19.36%	19.26%	12.66%	15.19%	14.97%	14.47%	14.07%	14.27%

Notes to Schedule

Valuation Date: January 1, 2023
 Measurement Date: December 31, 2023
 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: 16 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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.45%	(13.95%)	13.72%	15.43%	17.79%	(4.22%)	13.80%	7.48%	1.58%	7.42%

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 FOR DISCUSSION PURPOSES ONLY
 SUBJECT TO REVISION

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 2,179,800	\$ 1,831,765	\$ 2,842,666	\$ 8,810,535	\$ 6,698,208	\$ 8,531,854	\$ 7,730,316
Interest	8,887,860	13,169,283	12,595,575	10,444,711	12,024,959	11,015,391	10,961,483
Changes of Benefit Terms	-	-	-	(41,393)	-	-	-
Differences Between Expected and Actual Experience	-	(78,493,217)	-	(72,440,991)	-	14,146,966	-
Changes of Assumptions	-	14,033,945	-	(134,145,298)	72,422,368	(53,399,384)	16,177,425
Benefit Payments	(8,437,996)	(8,135,353)	(4,096,791)	(5,226,394)	(5,465,311)	(5,313,360)	(5,564,433)
Net Change in Total OPEB Liability	2,629,664	(57,593,577)	11,341,450	(192,598,830)	85,680,224	(25,018,533)	29,304,791
Total OPEB Liability - Beginning	136,127,930	193,721,507	182,380,057	374,978,887	289,298,663	314,317,196	285,012,405
Total OPEB Liability - Ending	138,757,594	136,127,930	193,721,507	182,380,057	374,978,887	289,298,663	314,317,196
Plan Fiduciary Net Position:							
Contributions - Employer	7,867,406	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000
Contributions - Member	5,336	441,693	443,518	1,477,112	1,155,677	869,481	804,712
Net Investment Income (Loss)	1,272,706	(328,525)	102,507	2,531	-	-	-
Reimbursements	-	-	-	-	179,878	241,355	451,135
Benefit Payments	(8,437,996)	(8,135,353)	(4,096,791)	(6,244,093)	(6,341,967)	(6,185,680)	(6,595,450)
Administrative Expense	(136,005)	(94,305)	(83,120)	-	(5,589)	-	-
Reallocation of Healthcare Costs	-	(7,264,235)	-	-	-	-	-
Special Item	-	-	-	-	-	-	(26,346,000)
Net Change in Plan Fiduciary Net Position	571,447	(4,679,720)	6,814,914	5,584,550	4,133,999	(74,844)	(26,685,603)
Plan Fiduciary Net Position - Beginning	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)	26,160,051
Plan Fiduciary Net Position - Ending	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)
Net OPEB Liability - Ending	<u>\$ 126,932,800</u>	<u>\$ 124,874,583</u>	<u>\$ 177,788,440</u>	<u>\$ 173,261,904</u>	<u>\$ 371,445,284</u>	<u>\$ 289,899,059</u>	<u>\$ 314,842,748</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.52%	8.27%	8.22%	5.00%	0.94%	-0.21%	-0.17%
Covered Payroll	\$ 43,388,927	\$ 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	292.55%	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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (1)	\$ 7,453,960	\$ 12,003,097	\$ 11,673,290	\$ 13,846,000	\$ -	\$ -	\$ 18,458,692	\$ 15,855,000	\$ 14,765,820	\$ 15,755,000
Contributions in Relation to the Actuarially Determined Contribution	7,867,406	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
Contribution Deficiency (Excess)	<u>\$ (413,446)</u>	<u>\$ 1,302,092</u>	<u>\$ 1,224,490</u>	<u>\$ 3,497,000</u>	<u>\$ (9,146,000)</u>	<u>\$ (5,000,000)</u>	<u>\$ 13,458,692</u>	<u>\$ 10,855,000</u>	<u>\$ 9,765,820</u>	<u>\$ 10,166,146</u>
Covered Payroll	\$ 43,388,927	\$ 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
Contributions as a Percentage of Covered Payroll	18.13%	23.01%	22.47%	23.99%	21.20%	11.48%	11.48%	12.20%	12.20%	13.97%

(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% (6.00% for Post-65) - 4.20% 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 Healthcare Cost Trend Rates decreased from 6.50% (6.30% for Post-65) - 4.30% over 53 years to 6.50% (6.00% for Post-65) - 4.20% over 53 years

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

	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.91%	(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.

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE
CONNECTION CHARGE PROJECTS
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2023**

Year	Total Assessments Billed	Assessments Receivable January 1, 2023	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2023	Interest Collected
2002	\$ 1,349,465	\$ 8,200	\$ -	\$ -	\$ -	\$ 8,200	\$ -
2003	1,843,321	5,832	-	4,686	-	1,146	9,063
2004	1,155,681	12,606	-	12,606	-	-	20,585
2005	804,622	5,140	-	5,140	-	-	4,100
2008	1,108,907	7,948	-	7,948	-	-	477
2009	568,934	8,334	-	4,068	-	4,266	542
2010	895,500	108,198	-	33,986	-	74,212	6,492
2011	333,050	43,077	-	9,847	-	33,230	2,585
2012	139,933	22,178	-	3,947	-	18,231	1,439
2013	337,982	2,435	-	2,435	-	-	154
2014	99,496	25,174	-	633	-	24,541	319
2015	892,511	77,928	-	7,766	-	70,162	4,710
2016	2,138,838	117,798	-	11,361	-	106,437	6,656
2017	1,158,191	16,599	-	278	-	16,321	250
2018	164,855	6,646	-	444	-	6,202	399
2019	263,001	19,171	-	1,136	-	18,035	1,150
2020	821,355	717,993	-	21,656	122	696,215	23,024
2021	188,418	54,776	-	3,463	-	51,313	3,300
2022	930,802	106,550	-	19,562	-	86,988	3,958
2023	-	-	738,913	369,180	40	369,693	220
Total	\$ 15,194,862	\$ 1,366,583	\$ 738,913	\$ 520,142	\$ 162	\$ 1,585,192	\$ 89,423

**THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE
FLAT RATE PROJECTS
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2023**

Year	Total Assessments Billed	Assessments Receivable January 1, 2023	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2023	Interest Collected
2000	\$ 597,575	\$ 20,375	\$ -	\$ -	\$ -	\$ 20,375	\$ -
2003	684,750	11,937	-	-	-	11,937	-
2004	714,634	18,120	-	1,044	-	17,076	2,181
2005	18,097	-	-	-	-	-	-
2007	677,398	17,364	-	-	-	17,364	-
2008	113,301	14,050	-	8,033	-	6,017	492
2009	146,490	-	-	-	-	-	-
2010	219,724	7,078	-	2,205	-	4,873	443
2011	97,616	412	-	94	-	318	25
2014	380,405	46,822	-	3,140	-	43,682	4,044
2015	198,421	17,858	-	956	-	16,902	600
2017	29,506	-	-	-	-	-	-
2018	26,131	12,336	-	803	-	11,533	761
2020	80,097	51,082	-	4,360	-	46,722	4,047
2021	310,101	48,264	-	6,391	-	41,873	2,611
2022	89,923	66,647	-	52,067	51	14,529	4,423
2023	-	-	15,035	121	5	14,909	-
Total	\$ 4,384,169	\$ 332,345	\$ 15,035	\$ 79,214	\$ 56	\$ 268,110	\$ 19,627

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2023

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 267,141	\$ 3,118,632	\$ 3,385,773
Accounts Receivable	51,115	88,986	140,101
Investments, at Fair Value:			
Mutual Funds	108,589,665	7,264,578	115,854,243
Guaranteed Investment Contracts	16,890,553	-	16,890,553
Commingled Collective Trusts	89,025,063	-	89,025,063
Real Estate	31,361,609	-	31,361,609
Due from Other Funds	-	1,361,168	1,361,168
Total Assets	<u>246,185,146</u>	<u>11,833,364</u>	<u>258,018,510</u>
LIABILITIES			
Accounts Payable	-	8,570	8,570
Total Liabilities	<u>-</u>	<u>8,570</u>	<u>8,570</u>
NET POSITION			
Restricted for Pension and OPEB Benefits	<u>\$ 246,185,146</u>	<u>\$ 11,824,794</u>	<u>\$ 258,009,940</u>

THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
YEAR ENDED DECEMBER 31, 2023

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employer	\$ 8,664,627	\$ 7,867,406	\$ 16,532,033
Plan Members	2,645,173	5,336	2,650,509
Total Contributions	<u>11,309,800</u>	<u>7,872,742</u>	<u>19,182,542</u>
Investment Earnings:			
Net Change in Fair Value of Investments	23,858,922	1,113,527	24,972,449
Interest and Dividends	3,330,906	162,271	3,493,177
Total Investment Earnings (Loss)	<u>27,189,828</u>	<u>1,275,798</u>	<u>28,465,626</u>
Less Investment Expenses:			
Investment Management Fees	967,306	3,092	970,398
Net Investment Earnings (Loss)	<u>26,222,522</u>	<u>1,272,706</u>	<u>27,495,228</u>
Total Additions (Reductions)	<u>37,532,322</u>	<u>9,145,448</u>	<u>46,677,770</u>
DEDUCTIONS:			
Benefits	22,093,261	8,437,996	30,531,257
Administrative Expense	67,430	136,005	203,435
Total Deductions	<u>22,160,691</u>	<u>8,574,001</u>	<u>30,734,692</u>
CHANGE IN NET POSITION	15,371,631	571,447	15,943,078
Net Position - Beginning of Year	<u>230,813,515</u>	<u>11,253,347</u>	<u>242,066,862</u>
NET POSITION - END OF YEAR	<u>\$ 246,185,146</u>	<u>\$ 11,824,794</u>	<u>\$ 258,009,940</u>

STATISTICAL SECTION

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

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.	

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 1,001,688,388	\$ 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
Restricted	82,460	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-	56,291,586
Unrestricted	9,303,616	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
Total Governmental Activities Net Position	\$ 1,011,074,464	\$ 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
Business-Type Activities:										
Net Investment in										
Capital Assets	\$ 331,697,982	\$ 322,397,283	\$ 307,558,127	\$ 281,225,011	\$ 271,278,589	\$ 282,865,698	\$ 279,492,616	\$ 259,143,790	\$ 264,913,659	\$ 253,310,200
Restricted	-	-	-	-	-	-	-	-	-	114,520
Unrestricted	(62,007,183)	(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)
Total Business-Type Activities Net Position	\$ 269,690,799	\$ 238,542,368	\$ 199,463,820	\$ 151,044,879	\$ 90,303,443	\$ 116,018,116	\$ 155,671,248	\$ 224,061,632	\$ 250,721,817	\$ 225,070,524
Primary Government:										
Net Investment in										
Capital Assets	\$ 1,333,386,370	\$ 1,246,513,925	\$ 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
Restricted	82,460	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-	56,406,106
Unrestricted	(52,703,567)	(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
Total Primary Government Net Position	\$ 1,280,765,263	\$ 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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 9,038,090	\$ 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
Engineering and Planning	-	-	-	-	-	-	-	-	-	877,678
Operations	30,722,559	17,847,612	20,309,768	19,918,024	32,724,856	11,612,676	15,004,934	25,441,446	6,151,830	8,614,482
Plants and Maintenance	51,740,330	43,551,515	49,002,317	49,634,121	71,412,175	32,932,419	43,573,609	46,577,522	29,189,681	34,067,360
Water Treatment and Supply	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	26,241,767	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
Total Governmental Activities Expenses	117,742,746	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
Business-Type Activities:										
Water	72,902,670	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
Hydroelectricity	297,900	257,130	289,595	2,037,099	2,116,807	247,281	702,704	827,100	479,326	394,359
Mid-Connecticut Project	-	-	-	-	-	-	-	1,793,246	761,311	2,166,557
Total Business-Type Activities Expenses	73,200,570	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
Total Primary Government Expenses	\$ 190,943,316	\$ 173,526,516	\$ 163,255,449	\$ 188,760,942	\$ 264,405,070	\$ 203,346,602	\$ 189,703,204	\$ 196,565,390	\$ 152,814,736	\$ 154,765,611
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services	\$ 94,278,825	\$ 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
Operating Grants and Contributions	11,939,689	10,560,612	12,406,369	10,111,198	-	-	-	-	3,992,310	1,039,223
Capital Grants and Contributions	19,338,014	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
Total Governmental Activities Program Revenues	125,556,528	118,638,398	119,768,327	120,244,218	139,602,329	122,854,603	136,789,199	121,930,878	98,353,191	91,852,692
Business-Type Activities:										
Charges for Services	98,182,557	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
Capital Grants and Contributions	5,186,542	5,761,906	5,828,453	6,651,401	4,949,099	17,337,818	20,596,616	12,285,315	4,827,274	5,227,745
Total Business-Type Activities Program Revenues	103,369,099	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
Total Primary Government Program Revenues	\$ 228,925,627	\$ 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
NET REVENUES (EXPENSES)										
Governmental Activities	\$ 7,813,782	\$ 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
Business-Type Activities	30,168,529	35,834,244	47,203,119	37,238,887	(11,876,899)	(27,522,802)	11,157,003	1,246,336	(6,620,139)	817,541
Total Primary Government Net (Revenue) Expense	\$ 37,982,311	\$ 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

**TABLE 2
(CONTINUED)**

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Sewer Taxation - Member Municipalities	\$ 53,076,600	\$ 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
Miscellaneous	-	217,408	-	-	3,466,043	5,501,247	2,813,918	1,864,076	116,577	1,540,335
Unrestricted Investment Earnings	5,863,150	1,777,656	125,549	1,029,927	3,573,305	3,060,821	1,689,115	586,401	272,361	207,637
Transfers	6,252,829	-	-	(21,803,894)	14,108,504	12,366,415	(17,707,978)	-	-	-
Special Item	-	-	-	-	-	-	(31,414,007)	28,760,431	-	1,556,735
Total Governmental Activities	<u>65,192,579</u>	<u>55,071,664</u>	<u>51,601,249</u>	<u>30,701,733</u>	<u>69,300,952</u>	<u>65,932,483</u>	<u>(2,948,552)</u>	<u>70,155,208</u>	<u>37,835,338</u>	<u>39,461,307</u>
Business-Type Activities:										
Miscellaneous	591,736	1,435,520	1,149,683	1,620,957	-	-	1,906,736	2,130,684	2,204,726	5,661,124
Unrestricted Investment Earnings	6,640,995	1,808,784	66,139	77,698	270,730	236,085	201,900	40,783	15,338	138,537
Transfers	(6,252,829)	-	-	21,803,894	(14,108,504)	(12,366,415)	-	(28,760,431)	-	(1,556,735)
Special Item	-	-	-	-	-	-	32,809,473	-	-	-
Total Business-Type Activities	<u>979,902</u>	<u>3,244,304</u>	<u>1,215,822</u>	<u>23,502,549</u>	<u>(13,837,774)</u>	<u>(12,130,330)</u>	<u>34,918,109</u>	<u>(26,588,964)</u>	<u>2,220,064</u>	<u>4,242,926</u>
Total Primary Government	<u>\$ 66,172,481</u>	<u>\$ 58,315,968</u>	<u>\$ 52,817,071</u>	<u>\$ 54,204,282</u>	<u>\$ 55,463,178</u>	<u>\$ 53,802,153</u>	<u>\$ 31,969,557</u>	<u>\$ 43,566,244</u>	<u>\$ 40,055,402</u>	<u>\$ 43,704,233</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 73,006,361	\$ 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
Business-Type Activities	31,148,431	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
Total Primary Government	<u>\$ 104,154,792</u>	<u>\$ 115,574,309</u>	<u>\$ 117,374,675</u>	<u>\$ 98,515,250</u>	<u>\$ 28,483,443</u>	<u>\$ 70,363,433</u>	<u>\$ 82,488,772</u>	<u>\$ 56,823,618</u>	<u>\$ 64,619,142</u>	<u>\$ 63,767,293</u>

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	\$ 5,605,368	\$ 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
Unassigned	38,355,306	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
Total General Fund	<u>\$ 43,960,674</u>	<u>\$ 33,807,519</u>	<u>\$ 29,709,825</u>	<u>\$ 32,207,030</u>	<u>\$ 28,103,719</u>	<u>\$ 26,291,943</u>	<u>\$ 19,594,978</u>	<u>\$ 17,546,018</u>	<u>\$ 17,489,167</u>	<u>\$ 16,694,898</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,957	\$ 183,283	\$ 319,960	\$ 17,034
Restricted	43,869,488	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
Committed	47,753,498	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
Unassigned	(5,715,113)	-	-	(31,175,587)	-	(6,272,630)	(130,243,360)	(76,526,304)	(102,328,055)	(114,364,898)
Total All Other Governmental Funds	<u>\$ 85,907,873</u>	<u>\$ 106,496,200</u>	<u>\$ 107,807,767</u>	<u>\$ 36,685,152</u>	<u>\$ 103,231,926</u>	<u>\$ 104,433,684</u>	<u>\$ 66,728,571</u>	<u>\$ 103,543,278</u>	<u>\$ 55,740,275</u>	<u>\$ 38,778,930</u>

* 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Taxation - Member Municipalities	\$ 53,076,600	\$ 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
Assessments	3,855,459	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
Sewer User Fees	84,441,743	83,574,020	77,362,758	83,717,134	77,482,872	63,888,022	62,678,046	60,242,461	54,093,916	57,226,390
Intergovernmental Revenues	31,277,703	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
Investment Income	5,863,150	1,777,656	125,549	1,029,927	3,573,305	3,060,820	1,689,115	586,401	272,361	207,637
Other Local Revenues	4,723,126	4,545,071	2,750,512	1,363,443	5,945,349	8,385,615	6,063,916	4,022,343	2,473,789	4,051,117
Total Revenues	183,237,781	175,254,888	174,528,857	172,191,883	166,054,732	174,687,595	182,820,433	161,340,596	135,325,773	128,856,035
EXPENDITURES										
Current:										
General Government	11,293,913	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
Engineering and Planning	-	-	-	-	-	-	-	-	-	247,304
Operations	10,455,986	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
Plants And Maintenance	32,486,519	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
Employee Benefits and Other	-	-	18,298,717	16,194,956	15,335,071	11,162,192	10,881,861	11,034,670	7,196,385	8,900,673
Debt Service:										
Principal Retirement	62,182,958	64,529,819	58,903,168	58,091,086	61,289,866	45,242,984	36,642,960	32,141,853	28,706,882	22,808,465
Interest	33,309,631	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
Legal Services	-	-	-	939,475	-	-	-	-	-	-
Capital Outlay	111,701,535	98,281,591	109,999,550	114,163,376	148,118,412	185,211,071	243,634,827	228,529,877	160,991,417	172,024,423
Total Expenditures	261,430,542	247,775,890	251,736,914	249,432,089	283,534,835	296,513,041	345,240,516	325,041,481	242,828,246	242,340,402
DEFICIENCY OF REVENUES OVER EXPENDITURES	(78,192,761)	(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)
OTHER FINANCING SOURCES (USES)										
Bond Proceeds	35,306,400	43,118,950	275,796,690	55,010,000	38,395,250	62,591,950	-	85,331,650	39,070,781	167,578,000
Refunding Bond Proceeds	-	-	6,183,180	76,065,000	58,603,410	-	-	18,301,300	-	9,931,648
Payment to Refunded Bond Escrow Agent	-	-	(7,458,978)	(76,935,985)	(68,712,098)	-	-	(21,140,765)	-	(10,757,266)
Loan Obligation Proceeds	21,812,570	24,989,581	39,913,700	30,267,733	46,067,106	79,135,454	127,654,336	91,409,817	66,766,625	36,841,772
Bond Premium	4,385,790	7,198,598	30,787,114	15,448,049	7,049,505	7,411,503	-	5,933,457	3,352,904	24,934,481
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	99,122,738	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
Transfers Out	(92,869,909)	(95,057,819)	(94,234,053)	(113,592,489)	(93,198,519)	(74,579,373)	(62,444,100)	(52,223,905)	(52,502,525)	(35,358,944)
Total Other Financing Sources	67,757,589	75,307,129	145,833,467	28,225,472	118,090,121	166,227,524	127,654,336	211,560,739	109,190,310	230,925,598
NET CHANGE IN FUND BALANCES	(10,435,172)	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
Fund Balance - Beginning of Year	140,303,719	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)
FUND BALANCE - END OF YEAR	\$ 129,868,547	\$ 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
Debt Service as a Percentage to Noncapital Expenditures	63.22 %	61.99 %	61.53 %	60.72 %	62.53 %	61.39 %	53.78 %	49.22 %	63.02 %	50.10 %
Total Debt Service	\$ 95,492,589	\$ 97,229,981	\$ 93,219,535	\$ 91,410,540	\$ 93,637,026	\$ 76,314,470	\$ 64,825,228	\$ 57,540,496	\$ 50,718,707	\$ 38,131,643
Capitalized Capital Outlay	(110,373,207)	(90,930,706)	(100,222,938)	(98,882,354)	(133,794,027)	(172,201,352)	(224,712,443)	(208,127,036)	(162,349,655)	(166,226,160)
Noncapital Expenditures	151,057,335	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

*Restated

TABLE 5

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

Year	Hartford	East Hartford	Newington	Wethersfield	Windsor	Bloomfield	Rocky Hill	West Hartford	Total Tax Levy
2023	26.23% \$ 13,923,310	11.73% \$ 6,227,300	9.00% \$ 4,776,720	8.04% \$ 4,266,270	8.88% \$ 4,712,920	7.22% \$ 3,831,630	6.21% \$ 3,294,640	22.69% \$ 12,043,810	\$ 53,076,600
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

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			
2023	\$ 374,311,269	\$ 427,319,411	\$ 296,755,000	\$ 66,946,012	\$ 316,613,731	\$ 54,165,354	\$ 37,193,262	\$ 1,573,304,039	10.86%	4,310
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	11.16%	4,294
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	10.61%	3,798
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	10.00%	3,492
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	11.07%	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

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISIONS

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 1,466,255,224	\$ 1,466,255,224	\$ 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
Total Net Debt Applicable to Limit	<u>869,124,262</u>	<u>808,219,741</u>	<u>802,420,538</u>	<u>897,446,518</u>	<u>923,986,892</u>	<u>945,046,541</u>	<u>946,055,259</u>	<u>907,121,892</u>	<u>721,360,548</u>	<u>508,198,906</u>
Legal Debt Margin	<u>\$ 597,130,962</u>	<u>\$ 658,035,483</u>	<u>\$ 563,986,060</u>	<u>\$ 419,799,673</u>	<u>\$ 374,966,153</u>	<u>\$ 332,764,947</u>	<u>\$ 314,188,035</u>	<u>\$ 336,777,128</u>	<u>\$ 490,196,208</u>	<u>\$ 687,878,750</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	59.28 %	55.12 %	58.72 %	68.13 %	71.13 %	73.96 %	75.07 %	72.93 %	59.54 %	42.49 %

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

The calculation of the 2023 debt limit can be found on Table 8 of this report.

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**THE METROPOLITAN DISTRICT
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN
DECEMBER 31, 2023**

Combined 2023 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, 2023:	
Water General Obligation Bonds	222,721,460
DWSRF Project Loan Obligations	49,983,656
Sewer General Obligation Bonds	256,016,047
CWF Project Loan Obligations	20,511,758
Clean Water Project General Obligation Bonds (b)	28,085,000
Clean Water Project Revenue Bonds (b)	296,755,000
Clean Water Project CWF Project Loan Obligations (b)	339,016,720
Combined General Obligation Bonds	<u>184,102,493</u>
Total Direct-Long-Term Indebtedness	<u>1,397,192,134</u>
Outstanding Bonds and Notes:	
DWSRF Interim Funding Obligation	135,284,516
CWF Interim Funding Obligation (b)	<u>5,151,651</u>
Total Direct Short-Term Indebtedness	<u>140,436,167</u>
 Total Direct Indebtedness	 1,537,628,301
Less Outstanding Debt Not Subject to Debt Limitation:	
Water Bonds (a)	222,721,460
DWSRF Project Loan Obligations	49,983,656
DWSRF Interim Funding Obligations	5,151,651
Clean Water Project Revenue Bonds (b)	296,755,000
Water's Share of Combined General Obligation Bonds	<u>93,892,272</u>
Total Outstanding Debt Not Subject to Debt Limitation	<u>668,504,039</u>
 Total Debt Subject to Debt Limitation	 <u>869,124,262</u>
Excess of Charter Debt Limitation Over Outstanding Debt	<u><u>\$ 597,130,962</u></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.

**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
2023	365,075	\$ 14,490,463,203	\$ 39,692	38.9	48,896	4.74 %
2022 *	363,988	14,007,077,856	35,783	39.4	47,693	5.06
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

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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Officials/Administrators	34	30	30	28	36	31	32	34	32	33
Other Administrative	30	25	30	32	33	31	30	32	33	35
Professional/Technical	140	148	162	162	160	164	166	170	174	172
Protective Service	2	7	6	12	10	8	8	8	8	9
Skilled Craft, Service/Maintenance	<u>240</u>	<u>228</u>	<u>234</u>	<u>227</u>	<u>240</u>	<u>240</u>	<u>246</u>	<u>265</u>	<u>275</u>	<u>275</u>
Total	<u><u>446</u></u>	<u><u>438</u></u>	<u><u>462</u></u>	<u><u>461</u></u>	<u><u>479</u></u>	<u><u>474</u></u>	<u><u>482</u></u>	<u><u>509</u></u>	<u><u>522</u></u>	<u><u>524</u></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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Water Operations:										
Miles of Water Mains Added	(1.67)	(1.22)	0.63	0.12	3.04	3.71	0.77	1.56	2.10	5.58
Total Miles of Water Mains	1,578	1,579	1,579	1,562	1,562	1,557	1,554	1,553	1,551	1,549
Water Connections Made	102,018	101,879	101,816	101,731	102,184	102,051	101,836	101,599	101,446	101,217
Average Daily Consumption (Millions of Gallons)	44.15	46.38	45.98	47.63	45.80	37.34	39.30	39.59	40.07	42.02
Maximum Consumption (Millions of Gallons Daily)	57.74	65.3	65.46	69.89	63.65	68.80	61.70	71.94	70.09	69.59
Minimum Consumption (Millions of Gallons Daily)	36.73	37.45	38.62	38.15	38.94	37.84	39.20	39.9	37.57	38.46
Number of Hydrants	10,225	10,203	10,189	10,216	10,166	10,720	10,329	10,197	11,238	11,484
Number of Meters	100,929	100,814	100,608	100,452	98,250	99,946	98,239	102,987	101,400	102,828
Plant Capacity (Millions of Gallons)	126	126	126	126	126	126	126	126	126	126

Source: MDC Budgets

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sewer Operations:										
Miles of Sewer Mains Added	0.58	0.44	0.92	2.43	0.81	1.20	(0.34)	1.57	2.89	2.80
Total Miles of Sanitary Sewers	1096.84	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
Miles of Combined Sewers	149	149	149	159	159	159	159	159	159	160
Miles of Storm Sewers	105	105	105	79	79	79	78	79	79	76
Sewer Connections Made	91,970	91,843	91,506	91,376	91,208	91,037	91,011	90,728	90,566	90,666
Average Daily Flow (Millions of Gallons)	87.96	67.71	80.35	72.30	79.42	80.70	65.20	56.70	60.50	65.30
Estimated Sewer Connections	0	0	0	0	0	91,011	91,011	90,728	90,566	90,666
Plant Capacity (Millions of Gallons)	85	85	85	105	105	105	105	105	105	105

Source: MDC Budgets

**BOARD OF FINANCE
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL
OBLIGATION BONDS OF THE METROPOLITAN DISTRICT IN AN AMOUNT NOT TO
EXCEED \$85,000,000**

To: Board of Finance for consideration on June 24, 2024

Bond Counsel prepared the following resolution for your approval.

It is therefore 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 \$85,000,000, 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 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 certifying, registrar, paying 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 Authorized Officers are authorized to prepare and distribute a Preliminary Official Statement and a final Official Statement of the District for use in connection with the offering and sale of the Bonds and are further authorized to execute and deliver a Continuing Disclosure Agreement in connection with the issuance and sale of the Bonds on behalf of the District in such form as they shall deem necessary and appropriate.

SECTION 4. 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 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.

SECTION 5. That the District hereby declares its official intent under Treasury Regulation Section 1.150-2 of the Internal Revenue Code of 1986, as amended, that project costs may be paid from temporary advances of available funds and that the District reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized for the Projects.

Respectfully submitted,

A handwritten signature in black ink that reads "John Mirtle". The signature is written in a cursive, slightly slanted style.

John S. Mirtle
District Clerk

**BOARD OF FINANCE
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL
OBLIGATION REFUNDING BONDS OF THE METROPOLITAN DISTRICT IN AN
AMOUNT NOT TO EXCEED \$25,000,000**

To: Board of Finance for consideration on June 24, 2024

Bond Counsel prepared the following resolution for your approval.

It is therefore 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. General Obligation Refunding Bonds of The Metropolitan District (the “**District**”) in a principal amount not exceeding \$25,000,000 (the “**Bonds**”) are hereby authorized to be issued, and the proceeds thereof appropriated, in such amount or in such lesser amount as shall be necessary to refund all or any portion of the District’s outstanding general obligation bonds, including, but not limited to, the District’s outstanding General Obligation Bonds, Series 2014A, dated and issued July 16, 2014 (the “**Refunded Bonds**”) 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**”). The Bond proceeds may be expended to fund the escrow account provided for in Section 3 hereof, to pay an underwriter’s discount on the Bonds and to pay all costs of issuance related to the Bonds.

SECTION 2. 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, certifying, paying, escrow 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 net proceeds from the sale of the Bonds, after payment of underwriter's discount and other costs of issuance, may be deposited in an irrevocable escrow account and invested in a portfolio of non-callable direct obligations of, or obligations guaranteed by, the United States of America, including United States Treasury State and Local Government Series ("**SLGS**") securities, Federal National Mortgage Association ("**FNMA**") securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the "**Government Obligations**") in an amount sufficient to pay at maturity, or to redeem at the redemption price prior to maturity, the Refunded Bonds. The District Treasurer, or in his absence, the Deputy Treasurer, are authorized to appoint a verification agent to verify the sufficiency of the Government Obligations and to execute and deliver any and all escrow and related agreements necessary to provide for the payment when due of the principal of and interest on and the redemption premium, if any, on the Refunded Bonds.

SECTION 4. The Authorized Officers are authorized to prepare and distribute a Preliminary Official Statement and a final Official Statement of the District for use in connection with the offering and sale of the Bonds and are further authorized to execute and deliver a Continuing Disclosure Agreement in connection with the issuance and sale of the Bonds on behalf of the District in such form as they shall deem necessary and appropriate.

SECTION 5. 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 on behalf of the District any documents or instruments necessary or desirable for the issuance of the Bonds and the refunding of the Refunded Bonds.

SECTION 6. The Bonds, or any portion thereof, may bear interest which is includable in the gross income of holders thereof for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, as the issuance of such taxable bonds is hereby determined to be in the public interest.

Respectfully submitted,



John S. Mirtle
District Clerk

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

To: Board of Finance for consideration on June 24, 2024

Staff is seeking authority for the District to reallocate \$14,757,000 of proceeds originally secured from the below three debt issues:

1. A total of \$236,000 of the District's \$110,770,000 General Obligation Bonds, Issue of 2018, dated July 31, 2018 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. A total of \$12,849,000 of 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. A total of \$1,672,000 of the District's \$75,730,000 General Obligation Bonds, Issue of 2023, dated August 10, 2023 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:

BE IT RESOLVED:

**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 \$110,770,000 General Obligation Bonds, Issue of 2018, dated July 31, 2018 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 \$75,730,000 General Obligation Bonds, Issue of 2023, dated August 10, 2023 from the capital improvement projects set forth on Exhibit A-3 (attached hereto) to the capital improvement projects set forth on Exhibit A-3.

Respectfully submitted,



John S. Mirtle
District Clerk

EXHIBIT A-1

District's \$110,770,000 General Obligation Bonds, Issue of 2018,
dated July 31, 2018

BOND	TYPE	FROM	DESCRIPTION	AMOUNT	TO	DESCRIPTION	AMOUNT
I. Reallocated from the 2018 GO Bond Sewer							
	Sewer	C-17008	2017 Hartford WPCF DAFT	(236,000)	C-15012	2015 Hartford WPCF DAFT 1 & 2 (SPB Solids)	236,000
			Total 2018 GO Bond Reallocations	(236,000)			236,000

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-20038	2020 Water Pollution Control Facilities Infrastructure Rehabilitation, Upgrades and Replacements	(5,800,000)	C-24S01	2024 General Purpose Sewer	67,000
					C-99P23	2023 Paving Program & Restoration	182,000
					C-99P21	2021 Paving Program and Restoration	236,000
					C-20044	2020 General Purpose Sewer Program	2,036,000
					C-20012	2020 Hartford Large Diameter Sewer Rehabilitation – Phase I	2,058,000
					C-15012	2015 Hartford WPCF DAFT 1 & 2 (SPB Solids)	142,000
					C-12007	2012 Hartford WPC Solids Handling & Processing	1,071,000
					C-22012	2022 Easement Sewer Lining Program - Phase 1	8,000
	Sewer	C-20001	2020 Levee Protection System, East Hartford and Hartford	(1,488,000)	C-20005	2020 Water Pollution Control Facilities Infrastructure Rehabilitation, Upgrades and Replacements	1,963,000

	C-21001	2021 Northern Interceptor Sewer Rehabilitation/Replacement, East Hfd	(283,000)			
	C-15025	2015 Sewer Rehabilitation Program	(192,000)			
Sewer	C-21003	2021 Large Diameter Sewer Cleaning Program	(1,244,000)	C-21005	2021 Various Sewer Pipe Replacement/Rehabilitation Program	5,000
				C-14019	2014 Levee Protection System Improvements, East Hartford and Hartford	98,000
				C-15024	2015 Sanitary Sewer Easements Acquisitions & Improvements	141,000
				C-99P20	2020 Paving Program and Restoration	1,000,000
Sewer	C-20037	2020 Water Pollution Control Facilities Infrastructure Rehabilitation, Upgrades and Replacements	(1,102,000)	C-22012	2022 Easement Sewer Lining Program - Phase 1	2,977,000
	C-19014	2019 Oakwood Avenue Area Sewer Replacement - Phase I	(928,000)			
	C-21004	2021 Sanitary Sewer Repair and Rehabilitation Program	(624,000)			
	C-17007	2017 WPC SCADA Upgrades	(213,000)			
	C-17012	2017 Sewer System Gate Replacement - Collection System	(110,000)			
Sewer	C-18005	2018 WPC Infrastructure Rehabilitation, Upgrades & Replacements	(844,000)	C-99P18	2018 Paving Program & Restoration	56,000
				C-20046	2020 Sewer Rehabilitation Program	247,000
				C-10007	2010 WPC Electrical Systems Modernization Program	541,000
	C-11004	2011 WPC Renewal & Replacements	(21,000)	C-13008	2013 WPC Plant Infrastructure Renewal and Replacements	9,000
				C-99P24	2024 Paving Program & Restoration	12,000
		Total 2021 GO Bond	(12,849,000)			12,849,000

EXHIBIT A-3

District's \$75,730,000 General Obligation Bonds, Issue of 2023,
dated August 10, 2023

BOND	TYPE	FROM	DESCRIPTION	AMOUNT	TO	DESCRIPTION	AMOUNT
III. Reallocated from the 2023 GO Bond Combined							
	Combined	C1H05	2023 Technical Services Staffing	(829,000)	C1H03	2024 Engineering Services	1,544,000
		C1H03	2023 Engineering Services Staffing	(715,000)			
	Combined	C1H04	2023 Construction/Inspection Services Staffing	(128,000)	C1H04	2024 Construction Services	128,000
			Total 2023 GO Bond Reallocations	(1,672,000)			1,672,000
			Grand Total Reallocations	(14,757,000)			14,757,000

**BOARD OF FINANCE
RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR NEW
MONEY FOR INTEGRATED PLAN PROJECTS**

To: Board of Finance for consideration on June 24, 2024

Bond Counsel prepared the following resolution for your approval.

It is therefore RECOMMENDED that it be:

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

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING
\$40,000,000 REVENUE BONDS FOR INTEGRATED PLAN PROJECTS OF THE
METROPOLITAN DISTRICT, THE EXECUTION AND DELIVERY OF A SUPPLEMENT
TO THE SPECIAL OBLIGATION INDENTURE OF TRUST, AND RELATED
AGREEMENTS**

WHEREAS, the Metropolitan District (the “District”) has entered into a consent decree of the United States District Court of the District of Connecticut, by and between the District, the United States Department of Justice, the U.S. Attorney’s Office, the United States Environmental Protection Agency and the State of Connecticut Attorney General (the “U.S. Consent Decree”), and a consent order and a general permit for nitrogen discharges, and existing municipal national pollutant discharge elimination system permits of the State of Connecticut Department of Energy and Environmental Protection, formerly the State of Connecticut Department of Environmental Protection (“CDEP”) entered into by and between the District and the Commissioner of the CDEP (the “Connecticut Consent Order” and together with the U.S. Consent Decree, the “Governmental Orders”), including, but not limited to the obligation to provide for (i) the rehabilitation and reconstruction of portions of the District’s sanitary sewer systems, (ii) the renovation of the combined sewer system, (iii) improvements to water pollution control facilities, (iv) development of a nitrogen removal program, (v) the separation of sewerage and storm water drainage collection systems, (vi) the construction of additional storage, conveyance and treatment facilities (herein referred to as the “Project”);

WHEREAS, the District has by ordinance adopted October 1, 2007 adopted Section S12x of its Ordinances Relating to Sewers, which provides for a Special Sewer Service Charge for customers of the District who utilize the District’s sewer system and are furnished water directly by the District (the “**Special Sewer Surcharge**”), which Special Sewer Surcharge shall be established annually through the District’s budget approval process, shall be uniformly applied to, and be proportional to the quantity of water used by, such customers, and shall be used exclusively for the payment of principal and interest on certain bonds issued or which may be issued and other loans, to finance all costs associated with any and all measures necessary to comply with the Governmental Orders, including the costs of the Project;

WHEREAS, Chapter 103 of the General Statutes, the Municipal Sewerage Act (the “Municipal Act”) provides for the issuance of bonds, notes and other obligations by a municipality, including the District, which may be secured as to both principal and interest by a pledge of revenues to be derived from sewerage system use charges, including the Special Sewer Surcharge;

WHEREAS, the District’s Charter, as amended by Special Act 90-27, and as it may be amended from time to time (the “Charter,” and together with the Municipal Act, the “Authorizing Acts”), provides for the issuance of bonds, notes and other obligations by the District, and in connection therewith to enter into reimbursement agreements or similar agreements in connection with credit facilities, including, but not limited to, letters of credit or policies of bond insurance, remarketing agreements and agreements for the purpose of moderating interest rate fluctuations;

WHEREAS, the District proposes to issue special obligation bonds to be secured by a pledge of the Special Sewer Surcharge pursuant to the Authorizing Acts;

WHEREAS, special obligation bonds issued pursuant to the Municipal Act are not subject to the limit on indebtedness of the District provided for in the Charter;

WHEREAS, the District proposes to issue bonds pursuant to the Special Obligation Indenture of Trust dated as of June 1, 2013 (the “**Special Obligation Indenture**”) and a Fifth Supplemental Indenture thereto (the “**Fifth Supplemental Indenture**” and together with the Special Obligation Indenture, the “**Indenture**”) with U.S. Bank Trust Company, National Association, to finance the costs of the Project;

WHEREAS, the Indenture provides for the issuance of the Special Obligation Bonds (the “**Bonds**”) of the District, payable solely from the Special Sewer Surcharge, and other receipts, funds or moneys pledged under the Indenture, if any, and that such Bonds shall be special obligations of the District, payable solely from Pledged Revenues, and other receipts, funds or moneys pledged under the Indenture, and respective supplemental indentures thereto for each series of Bonds;

WHEREAS, the District proposes to issue up to \$40,000,000 of its revenue bonds (the “**2024 New Money Obligations**”) to fund costs of the Project;

WHEREAS, the District intends to prepare a preliminary official statement and final official statement for the purpose of presenting information in connection with the offering and sale of the 2024 New Money Obligations;

WHEREAS, the District proposes to issue and sell the 2024 New Money Obligations to an underwriter or underwriters pursuant to a bond purchase agreement (the “**Contract for Purchase**”), to be negotiated between the District and the underwriters;

WHEREAS, the 2024 New Money Obligations are expected to be issued on terms such that the interest thereon shall be excludable from gross income for federal income tax purposes, and for the purpose of establishing such terms and giving assurance as to future

compliance with the Internal Revenue Code of 1986, the District proposes to enter into a Tax Certificate and Tax Compliance Agreement;

WHEREAS, pursuant to Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as part of the offering of the 2024 New Money Obligations the District proposes to enter into a Continuing Disclosure Agreement; and

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to such terms in the Indenture.

NOW THEREFORE, BE IT RESOLVED, by the District Board as follows:

Section 1. Not exceeding \$40,000,000 revenue bonds of the Metropolitan District, (the "**2024 New Money Obligations**") are hereby authorized to be issued to fund such portion of the authorized and unissued balances of the capital appropriations for the Project, plus the costs of issuing the 2024 New Money Obligations. The 2024 New Money Obligations shall be dated the date of their delivery, shall mature in annual installments of principal and bear interest semi-annually each year until maturity. The 2024 New Money Obligations 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 2024 New Money Obligations. The Chairman, or in his absence, the Vice Chairman, and the District Treasurer, or in his absence the Deputy Treasurer (the "**Authorized Officers**") are authorized to execute and deliver one or more Tax Certificates and Tax Compliance Agreements for the 2024 New Money Obligations on behalf of the District in such form 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.

Section 2. The District Board determines it is advisable and in the best interest of the District to authorize, and does hereby authorize, the District to enter into the Fifth Supplemental Indenture to the Special Obligation Indenture and to effect the pledge of the Special Sewer Surcharge as provided for therein, such Fifth Supplemental Indenture to be in the form, or substantially the form, as has been or shall be distributed to the District Board, and authorizes the Authorized Officers to execute and deliver such Fifth Supplemental Indenture in such form, with such further changes and additions as they shall approve, such approval to be conclusively evidenced by the execution and delivery of such Fifth Supplemental Indenture by such Authorized Officers.

Section 3. The District Board also determines to deposit into the Rate Stabilization Fund established under the Indenture and subject to the pledge of the Indenture, all Special Sewer Surcharge revenues of the District which have not heretofore been used by the District to pay indebtedness of the District.

Section 4. The District Board authorizes the use of such preliminary official statement in connection with the public offering of the 2024 New Money Obligations as the Authorized Officers shall deem advisable, and authorizes the Authorized Officers, in the name of the District, to deem the preliminary official statement and such supplements final when appropriate and execute a final official statement and such supplements, and any

further amendment or supplement thereto, in connection with and after the sale of the 2024 New Money Obligations.

Section 5. The Authorized Officers are hereby authorized to determine the principal amount, maturities, rate or rates of interest, redemption terms, and the other particulars of the 2024 New Money Obligations, and to deliver the 2024 New Money Obligations to the purchaser thereof in accordance with this resolution. The Authorized Officers are authorized to negotiate, execute and deliver one or more Contracts of Purchase setting forth all the terms of sale of the 2024 New Money Obligations, including the underwriters' discount for such sale, in such form as they shall deem necessary and appropriate. The 2024 New Money Obligations 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 for the 2024 New Money Obligations issued on a tax-exempt basis on behalf of the District in such form 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 2024 New Money Obligations in accordance with the terms of this resolution. The Authorized Officers and other proper officers of the District are hereby authorized to do and perform such acts, and execute and deliver, in the name of the District, such additional instruments, agreements and certificates as they deem necessary or appropriate to carry into effect the intent of the foregoing resolutions, and as shall not be inconsistent with the foregoing resolutions.

Section 6. The District hereby determines and declares, for purposes of Section 7-263 of the Connecticut General Statutes, that the 2024 New Money Obligations are part of a single plan of finance for the purpose of financing the Project, and all prior general obligation bonds of the District (but not any bond anticipation notes issued in anticipation of the issuance of such general obligation bonds) issued for purposes of financing the Project.

Section 7. The District hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations (the "Regulations"), to reimburse expenditures paid sixty days prior to and any time after the date of passage of this resolution, or otherwise as may be allowed under the Regulations, in the maximum amount and for the Project with the proceeds of the 2024 New Money Obligations authorized to be issued by the District. The 2024 New Money Obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the 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 Authorized Officers are authorized to amend such expression of official intent to bind the District pursuant to such changes he deems necessary or advisable to maintain the continued exemption from federal income taxation of interest on the 2024 New Money Obligations.

Section 8. This resolution will take effect immediately.

Respectfully submitted,

A handwritten signature in black ink that reads "John Mirtle". The signature is written in a cursive style with a large, prominent initial "J".

John S. Mirtle
District Clerk

**BOARD OF FINANCE
REGULAR MEETING
The Metropolitan District
555 Main Street, Hartford
Monday, May 20, 2024**

PRESENT: Commissioners Allen Hoffman, Citizen Members Linda Russo and District Chairman Donald Currey (3)

REMOTE ATTENDANCE: Commissioner Andrew Adil and Citizen Members Linda King-Corbin and Awet Tsegai (3)

ABSENT: Commissioner Pasquale Salemi and Citizen Member Drew Iacovazzi (2)

ALSO PRESENT: Commissioner Georgiana Holloway
Commissioner Jacqueline Mandyck
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel (Remote Attendance)
John S. Mirtle, District Clerk
Kelly Shane, Chief Administrative Officer
Chris Levesque, Chief Operating Officer
Robert Barron, Chief Financial Officer (Remote Attendance)
Robert Schwarm, Director of Information Systems (Remote Attendance)
Tom Tyler, Director of Facilities
Dave Ruty, Director of Operations
Dylan Pecego, IT Consultant (Remote Attendance)
Jacob Aviles, IT Consultant (Remote Attendance)
Carrie Blardo, Assistant to the Chief Executive Officer
Victoria Escoriza, Executive Assistant

CALL TO ORDER

Vice-Chairman Hoffman called the meeting to order at 5:41 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

APPROVAL OF MEETING MINUTES

On motion made by Commissioner Adil and duly seconded, the meeting minutes of the Board of Finance meeting of April 29, 2024 were approved.

BOARD OF FINANCE
APPROPRIATION OF \$2,600,000 FOR 2024 ASSESSABLE SEWER PROGRAM
AUTHORIZATION FOR ISSUANCE OF BONDS OR NOTES NOT TO EXCEED \$2,600,000

To: Board of Finance

May 20, 2024

Program – Assessable Sewer Program – Arrowhead/Flatiron Development**Amount**
\$2,600,000**Project #****Fund**
3110**Description**

Installation of storm sewers resulting from property owner requests for public storm sewer service within the District's combined sewer service area in the vicinity of the Arrowhead and Flatiron developments in Hartford. This project includes design, construction and project administration. District forces may be utilized for this program. District costs may include salary, benefits and overhead.

Purpose

To provide public storm sewer service to property owners within the District's service area in the vicinity of the Arrowhead and Flatiron developments in Hartford by extending local storm sewers.

Future Appropriations

Additional appropriation requests for similar requests may be anticipated over the next four years.

Bond Language

Project is appropriated for installation of storm sewers resulting from property owner requests for public storm sewer service within the District's combined sewer service area in the vicinity of the Arrowhead and Flatiron developments in Hartford. This project includes design, construction, project administration, legal, administrative and other financing costs related thereto. District forces may be utilized for this program. District costs may include salary, benefits and overhead.

Funding Sources

Assessable Sewer Fund will be used to fund the project. Bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut. This project may also be eligible for CT DEEP CWF Financing.

Bond Counsel prepared the following resolution.

It is RECOMMENDED that it be

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

RESOLUTION APPROPRIATING \$2,600,000 FOR THE INSTALLATION OF STORM SEWERS FOR PUBLIC STORM SEWER SERVICE WITHIN THE DISTRICT'S COMBINED SEWER SERVICE AREA IN THE VICINITY OF THE ARROWHEAD AND FLATIRON DEVELOPMENTS IN HARTFORD AND AUTHORIZING THE ISSUANCE OF \$2,600,000 OF BONDS OR NOTES OF THE DISTRICT TO MEET SAID APPROPRIATION

RESOLVED:

Section 1. The sum of \$2,600,000 is hereby appropriated for design, construction and inspection costs, engineering and professional fees, materials, equipment, project administration, legal fees, administrative and financing costs, interest expense on temporary borrowings, and other costs related to the installation of storm sewers for public storm sewer service within the District's combined sewer service area in the vicinity of the Arrowhead and Flatiron developments in Hartford (collectively, the "Project"). District resources may be utilized for the Project. The District costs may include salary, benefits and overhead. The District's Assessable Sewer Fund may be utilized as the 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 meet said appropriation \$2,600,000 of bonds of the District are authorized to be issued in one or more series 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 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 the 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 Chairman or Vice Chairman and Treasurer or Deputy Treasurer are hereby authorized, on behalf of the District, to enter into a bond purchase agreement for the sale of the bonds.

Section 3. 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 4. 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 or reject 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 and to execute and deliver to the State of Connecticut one or more project loan and project grant agreements ("Project Loan and Grant Agreements") under the State's Clean Water Fund Program (as defined below). 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-478 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 and project loan obligations ("Clean Water Fund Obligations") as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following the recommendation of the Board of Finance. Clean Water Fund Obligations, Project Loan and 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 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 the 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 therefore 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.

Section 5. 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 or

reject any and all federal and state loans and/or subsidies for the Project and are further authorized to expend said funds in accordance with the terms thereof and to execute and deliver to the State of Connecticut one or more project loan and subsidy agreements ("Project Loan and Subsidy Agreements") under the State's Drinking Water Program (as defined below). To meet any portion of the costs of the Project determined by the State of Connecticut Department of Public Health to be eligible for funding under Section 22a-475 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended (the "Drinking Water 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 and project loan obligations ("Drinking Water Obligations") as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following the recommendation of the Board of Finance. Drinking Water Obligations, Project Loan and Subsidy Agreements and any other instruments, agreements or certificates under the Drinking Water 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 Deputy Treasurer, and bear the District seal or a facsimile thereof. The aggregate principal amount of the Drinking Water 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 Drinking Water Obligations, subject to the provisions of the Drinking Water Program, shall be determined by the District Board, following the recommendation of the Board of Finance. Drinking Water Obligations may be secured by the full faith and credit of the District and/or by special revenues of the District pledged therefore by the District Board in accordance with Connecticut laws and the District's Charter. Each of the Drinking Water 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.

Section 6. In connection with the issuance of the bonds, notes or certificates of indebtedness authorized hereunder, including Clean Water Fund Obligations and Drinking Water Obligations (collectively, the "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 7. In connection with the issuance of the Authorized 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.

Section 8. In connection with the issuance of the 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 the 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 9. In connection with the issuance of the 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 10. 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 11. The District hereby expresses its official intent pursuant to Treasury Regulations Section 1.150-2 to reimburse expenditures of not more than \$2,600,000 paid up to sixty (60) days prior to the date of passage of this Resolution in connection with the Project with the proceeds of the Authorized Obligations. Said obligations shall be issued to reimburse such expenditures not later than eighteen (18) months after the later of the date of the expenditure or such later date the 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 are 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 12. In connection with the issuance of the Authorized 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 the 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 13. The District Board finds this Project a single item of capital expense not regularly recurring.

Respectfully submitted,



John S. Mirtle
District Clerk

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

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

No one from the public appeared to be heard.

ADJOURNMENT

The meeting was adjourned at 5:47 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval