



**BOARD OF FINANCE  
SPECIAL MEETING  
MONDAY, JUNE 29, 2026  
5:30 PM**

---

<u>Location</u>	<u>Commissioners</u>	<u>Citizen Members</u>
Board Room	Adil (VC)	Al Mannai
District Headquarters 555 Main Street, Hartford	Currey (Ex-Officio) Mandyck Salemi (C)	King-Corbin Murray Russo Tsegai
Dial in #: (415)-655-0001 Access Code: 2317 389 6672#		
<a href="#">Meeting Video Link</a>	Quorum: 5	

---

1. **CALL TO ORDER**
2. **PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS**
3. **INDEPENDENT CONSUMER ADVOCATE COMMENTS & QUESTIONS RELATIVE TO AGENDA ITEMS**
4. **FY2025 AUDIT QUESTIONS FOR STAFF**
5. **RECEIPT OF 2025 AUDIT FROM CLIFTON LARSON ALLEN LLP**
  - A. **GOVERNANCE COMMUNICATION**
  - B. **FEDERAL SINGLE AUDIT REPORT**
  - C. **ANNUAL COMPREHENSIVE FINANCIAL REPORT**
6. **CONSIDERATION AND POTENTIAL ACTION RE: AUTHORIZATION TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$1,750,000 IN ORDER TO FUND A 2022 CAPITAL IMPROVEMENT PROGRAM PROJECT**
7. **DISCUSSION RE: RECENT BOARD OF FINANCE COMMUNICATIONS**
8. **OPPORTUNITY FOR GENERAL PUBLIC COMMENTS**
9. **COMMISSIONER REQUESTS FOR CONSIDERATION OF FUTURE AGENDA ITEMS**
10. **ADJOURNMENT**

**THE METROPOLITAN DISTRICT  
FEDERAL SINGLE AUDIT REPORT  
YEAR ENDED DECEMBER 31, 2025**

DRAFT

**THE METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2025**

<b>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</b>	<b>1</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>4</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>5</b>
<b>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></b>	<b>6</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>8</b>

DRAFT

**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 the Major Federal Program**

***Opinion on the 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, 2025. 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, 2025.

***Basis for Opinion on the 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 programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Metropolitan District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Metropolitan District's compliance with the requirements of 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 the 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, 2025, 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  
YEAR ENDED DECEMBER 31, 2025**

Federal Awarding Agency/ Pass-Through Grantor/ Pass-Through Identification Number	Federal Assistance Listing Number	Pass-Through Grantor's Number/ Project Number	Loan Proceeds	Grant Expenditures	Total Expenditures	Expenditures to Subrecipients
<b>Environmental Protection Agency</b>						
Passed Through the State of Connecticut Department of Energy and Environmental Protection:						
Clean Water State Revolving Fund (CWSRF) Cluster:						
CWF #746-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 952,180	\$ 952,180	\$ 1,904,360	\$ -
CWF #692-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 31,265,850	\$ 25,581,150	\$ 56,847,000	\$ -
CWF #729-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 190,124	\$ 139,952	\$ 330,076	\$ -
CWF #4001-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 903,276	\$ 1,665,142	\$ 2,568,418	\$ -
CWF #728-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 17,632,670	\$ 16,276,311	\$ 33,908,981	\$ -
CWF #747-PG	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ -	\$ 39,419	\$ 39,419	\$ -
CWF #698-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 683,133	\$ 196,781	\$ 879,914	\$ -
CWF #4002-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 9,146,833	\$ 9,419,319	\$ 18,566,152	\$ -
CWF #764-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 4,016,929	\$ 1,004,232	\$ 5,021,161	\$ -
CWF #4003-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 5,638,683	\$ 6,845,372	\$ 12,484,055	\$ -
CWF #4004-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 2,280,958	\$ 2,555,914	\$ 4,836,872	\$ -
Total Clean Water State Revolving Fund (CWSRF) Cluster			\$ 72,710,636	\$ 64,675,772	\$ 137,386,408	\$ -
Passed Through the State of Connecticut Department of Public Health:						
Drinking Water State Revolving Fund (DWSRF) Cluster:						
DWSRF #2023-7120	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ 287,002	\$ -	\$ 287,002	\$ -
DWSRF #2023-7118	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ 1,240,642	\$ -	\$ 1,240,642	\$ -
DWSRF #2023-7123	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ 566,192	\$ -	\$ 566,192	\$ -
DWSRF #2023-7121	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ -	\$ -	\$ -	\$ -
DWSRF #2024-7131	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ 1,766,958	\$ -	\$ 1,766,958	\$ -
DWSRF #2024-7137	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ 819,471	\$ 1,500,000	\$ 2,319,471	\$ -
DWSRF #2024-7138	66.468	12060-DPH48770-22467/21018-DPH48770-42319	\$ 2,293,536	\$ 1,500,000	\$ 3,793,536	\$ -
Total Drinking Water State Revolving Fund (DWSRF) Cluster			\$ 6,973,801	\$ 3,000,000	\$ 9,973,801	\$ -
Total Expenditures of Federal Awards					\$ 147,360,209	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE METROPOLITAN DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2025**

**NOTE 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, 2025. 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.

**NOTE 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.

**NOTE 3 CLEAN WATER AND DRINKING WATER LOAN BALANCES**

	Clean Water Loans	Drinking Water Loans
Loans Payable at January 1, 2025	\$ 442,720,205	\$ 61,931,979
Loan Proceeds	72,710,636	6,973,801
Loan Repayments	30,011,809	4,161,949
Loans Payable at December 31, 2025	<u>\$ 485,419,032</u>	<u>\$ 64,743,831</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 Directors  
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, 2025, 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

DRAFT

**THE METROPOLITAN DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2025**

---

**Section I – Summary of Auditors’ Results**

---

**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

**Identification of Major Federal Programs**

**Assistance Living Number(s)**

66.458

**Name of Federal Program or Cluster**

Clean Water State Revolving Fund (CWSRF) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

**THE METROPOLITAN DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

---

***Section II – Financial Statement Findings***

---

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

---

***Section III – Findings and Questioned Costs – Major Federal Programs***

---

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

DRAFT

# **THE METROPOLITAN DISTRICT**

**Hartford County  
Hartford, Connecticut**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**MDC**



**Year Ended December 31, 2025**

# **THE METROPOLITAN DISTRICT**

**Hartford County  
Hartford, Connecticut**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Year Ended December 31, 2025**

**Finance Department**

**THE METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2025**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT		2
MANAGEMENT'S DISCUSSION AND ANALYSIS		6

**BASIC FINANCIAL STATEMENTS**

	EXHIBITS	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>		
STATEMENT OF NET POSITION	I	22
STATEMENT OF ACTIVITIES	II	23
<b>FUND FINANCIAL STATEMENTS</b>		
<b>GOVERNMENTAL FUNDS</b>		
BALANCE SHEET	III	24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	26
<b>PROPRIETARY FUNDS</b>		
STATEMENT OF NET POSITION	V	28
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	VI	29
STATEMENT OF CASH FLOWS	VII	30
<b>FIDUCIARY FUNDS</b>		
STATEMENT OF FIDUCIARY NET POSITION	VIII	32
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	IX	33
NOTES TO FINANCIAL STATEMENTS		34

**THE METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2025**

**REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL FUND**

<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>RSI-1</b>	<b>82</b>
--	--------------	-----------

**MDERS**

<b>SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS</b>	<b>RSI-2</b>	<b>85</b>
--	--------------	-----------

<b>SCHEDULE OF CONTRIBUTIONS</b>	<b>RSI-3</b>	<b>86</b>
----------------------------------	--------------	-----------

<b>SCHEDULE OF INVESTMENT RETURNS</b>	<b>RSI-4</b>	<b>87</b>
---------------------------------------	--------------	-----------

**RETIREE HEALTH PLAN**

<b>SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS</b>	<b>RSI-5</b>	<b>88</b>
---	--------------	-----------

<b>SCHEDULE OF CONTRIBUTIONS</b>	<b>RSI-6</b>	<b>89</b>
----------------------------------	--------------	-----------

<b>SCHEDULE OF INVESTMENT RETURNS</b>	<b>RSI-7</b>	<b>90</b>
---------------------------------------	--------------	-----------

**SUPPLEMENTARY INFORMATION**

**ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND**

<b>SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE – CONNECTION CHARGE PROJECTS</b>	<b>A-1</b>	<b>92</b>
---	------------	-----------

<b>SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE – FLAT RATE PROJECTS</b>	<b>A-2</b>	<b>93</b>
---	------------	-----------

**FIDUCIARY FUNDS**

<b>COMBINING STATEMENT OF FIDUCIARY NET POSITION – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>	<b>B-1</b>	<b>94</b>
---	------------	-----------

<b>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>	<b>B-2</b>	<b>95</b>
--	------------	-----------

**THE METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2025**

**STATISTICAL SECTION**

**TABLES**

**FINANCIAL TRENDS**

NET POSITION BY COMPONENT	1	98
CHANGES IN NET POSITION	2	99
FUND BALANCES OF GOVERNMENTAL FUNDS	3	101
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	4	102

**REVENUE CAPACITY**

DISTRIBUTION OF ANNUAL TAX LEVY	5	103
---------------------------------	---	-----

**DEBT CAPACITY**

RATIOS OF OUTSTANDING DEBT BY TYPE	6	104
LEGAL DEBT MARGIN INFORMATION	7	105
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN	8	106

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

DEMOGRAPHIC AND ECONOMIC STATISTICS	9	107
-------------------------------------	---	-----

**OPERATING INFORMATION**

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	10	108
WATER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	11	109
SEWER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	12	110

**INTRODUCTORY SECTION**

DRAFT



## 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, 2025.

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, 2025. The independent accountant’s report is located in the front of the financial statement section of this report.

The MDC’s fiscal year 2025 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 \$1,000,000 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.

The District maintains budgetary control at the department/function level, as established in Section 3-8 of the Charter. No expenditure for any function or department designated in the budget shall exceed the appropriation therefor, provided the District Board may, upon approval of the Board of Finance or, in the absence of such approval by a vote of the District Board, make additional or supplemental appropriations in any part of the budget from the undesignated fund balance or retained earnings applying to any part or transfer any unexpended balance of any appropriation included in any part of the budget to any other appropriation in the same part thereof provided there shall be attached to the resolution making such additional or supplemental appropriation or transfer a certificate from the Chief Financial Officer that a balance actually exists free from encumbrance, or funds are available from the undesignated fund balance or retained earnings, within section one of any part of the budget. These requirements ensure adherence to the Charter and reinforce strong fiscal oversight.

## **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, payroll, accounting, budgeting, treasury, risk management, sales & distributions, information technology and customer service.

## **Local Economy**

The Member Municipalities of the MDC are a mixture of urban and suburban communities with an aggregate population of 364,504 people and median household incomes ranging from \$45,300 to \$125,616, according to 2025 Census estimates. These diverse municipalities comprise a strong and stable service area as evidenced by a 10-year growth of 34% in the combined municipalities' grand lists from 2016 to 2025. 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 2024, the State of Connecticut has had seasonally adjusted annual unemployment rates higher than the United States in five of the ten years, with lower or equal rates in 2016, 2019, 2020, 2023, and 2024. For the District's fiscal year 2025, the State of Connecticut had an average annual unemployment rate of 4.2% compared to the United States' rate of 4.4%.

The Member Municipalities have largely retained their strong financial positions. Six of the eight Member Municipalities have S&P ratings that are AA or higher and represent 66.6% of the 2025 Ad Valorem taxes due from Member Municipalities to the MDC. Among these six, West Hartford (22.6%) and Windsor (9.2%) stand out with AAA ratings. The remaining two Member Municipalities, Hartford (25.4%), had an increase year over year in their rating, upgrading from BBB to their current A- rating. and Wethersfield (8.0%), which previously carried an AA rating, recently had their rating withdrawn.

In response to a 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. In 2023, the MARB reduced the City from Tier III oversight status to Tier II. Under Tier II status, Hartford will still provide financial information, present a three-year plan, have their budget assumptions approved by the board and report on remedial action recommended by the board. However, that status change no longer requires the city to review labor contracts, arbitration awards and debt obligations with MARB.

The State and the Greater Hartford region boasts strong financial/insurance, 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 (34.53% of total general fund revenues at the end of 2025.) 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. As of December 31, 2025, the unassigned fund balance is within the range of the 2019 formal policy. 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 85.5% as of December 31, 2025. 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 \$33.4 billion for their 2025 grand lists. The current debt limitation for the District is \$1.67 billion of which the District has \$0.90 billion outstanding leaving an available balance of \$0.77 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 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 replaced the existing consent order, incorporated a Phase I Implementation Plan for the years 2023-2029. The resubmitted LTCP introduced 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 resubmitted LTCP retains the South Tunnel and related improvements (which are still 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 the 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. Minor consent order modifications were signed in January 2025 which incorporated additional project schedule updates.

## Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement (COA) for Excellence in Financial Reporting to the MDC for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2024. This was the thirty-first (31<sup>st</sup>) time the District has received this prestigious award. In order to be awarded a COA, a government entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the COA Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate for fiscal year ended December 31, 2025.

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, a very special thanks to the dedicated and talented finance staff whose combined expertise helped produce this ACFR; specifically Janet Murphy, Controller; John Paul Avenoso, Accounting Administrator; Cynthia Greene, Accounting Administrator; Aziza Harris, Accounts Payable Supervisor; Morgan Harris; Staff Accountant; and Xinbo Yang, Accounting Administrator.

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

## Conclusion

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

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

Sincerely,



Scott W. Jellison  
Chief Executive Officer



Jonathan M. Perugini  
Director of Finance / Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**The Metropolitan District  
Connecticut**

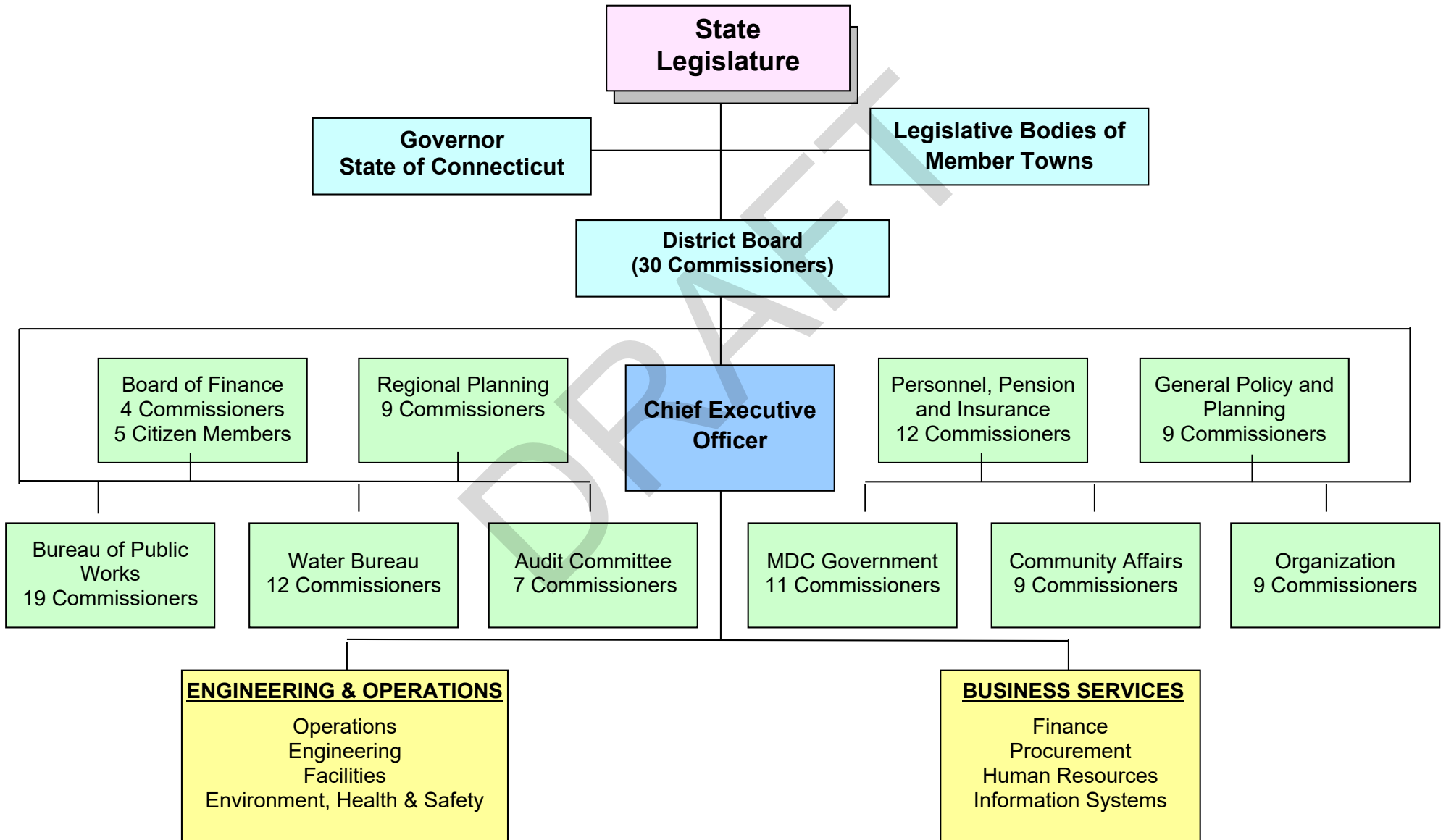
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2024

*Christopher P. Morill*

Executive Director/CEO

# The Metropolitan District Hartford County Organization Chart



**THE METROPOLITAN DISTRICT  
THE DISTRICT BOARD**

<b>Name</b>	<b>Primary Occupation</b>	<b>Municipality Represented</b>	<b>Term Expires</b>	<b>Bureaus, Boards, Committees</b>
Donald Currey, Chairman	<i>Retired</i>	East Hartford	12-31-2030	Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees except Ethics Advisory Committee.
William A. DiBella, Vice Chairman	<i>Consultant</i>	Hartford	12-31-2026	Bureau of Public Works, Committee on Organization, Strategic Planning Committee, Committee on Technology, Regional Planning Committee, General Policy and Planning Committee
Andrew Adil	<i>Retired</i>	Wethersfield	12-31-2030	Water Bureau, Board of Finance, Strategic Planning Committee, Committee on Technology, General Policy and Planning, Audit Committee
Kyle Anderson		Legislative Appointee	12-31-2027	Water Bureau, Committee on MDC Government, Community Affairs Committee, Strategic Planning Committee
John Avedisian	<i>Manager of NDT and Coatings</i>	Windsor	12-31-2028	Bureau of Public Works, Committee on MDC Government, Personnel, Pension and Insurance Committee, Strategic Planning Committee, General Policy and Planning Committee
John Bazzano		Hartford	12-31-2028	Bureau of Public Works, Committee on MDC Government, Community Affairs Committee, Committee on Organization
Avery Buell	<i>Investment Management Consultant</i>	Hartford	12-31-2028	Water Bureau, Committee on MDC Government, Committee on Organization, Community Affairs Committee
Richard Bush	<i>Self- Employed/ Real Estate Investment and Property Management</i>	West Hartford	12-31-2022	Bureau of Public Works, Strategic Planning Committee, Committee on Organization, Committee on Technology
Dimple Desai	<i>Director/ Planning &amp; Zoning</i>	Rocky Hill	12-31-2030	Water Bureau, Personnel, Pension and Insurance Committee, Regional Planning Committee, General Policy and Planning Committee, Ethics Advisory Committee
David Drake	<i>Professional Engineer</i>	Wethersfield	12-31-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and

				Insurance Committee, Regional Planning Committee
John Gale	<i>Attorney</i>	Hartford	12-31-2026	Bureau of Public Works, Committee on Organization, Strategic Planning Committee, Water Bureau
Peter Gardow	<i>Engineer</i>	Legislative Appointee	12-31-2026	Water Bureau, Committee on MDC Government, Committee on Technology, Ethics Advisory Committee (Alternate)
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	12-31-2030	Bureau of Public Works, Committee on Organization, Strategic Planning Committee
Allen Hoffman	<i>Retired</i>	Legislative Appointee	12-31-2025	Bureau of Public Works, Board of Finance, Audit Committee, Strategic Planning Committee, General Policy and Planning Committee
Christian Hoheb	<i>Attorney</i>	Farmington	12-31-2026	District Board Only
Gary Johnson	<i>Environmental Engineering Consultant</i>	Windsor	12-31-2030	Bureau of Public Works, Strategic Planning Committee, Committee on Regional Planning
Mary LaChance	<i>Senior Information Services Director</i>	Glastonbury	12-31-2025	District Board Only
Byron Lester	<i>Retired</i>	Bloomfield	12-31-2030	Bureau of Public Works, Personnel, Pension & Insurance Committee, Community on Organization, Community Affairs Committee, Strategic Planning Committee
Diane Lewis	<i>Case Manager</i>	Hartford	12-31-2030	Water Bureau, Community Affairs Committee, Audit Committee, Strategic Planning Committee
Maureen Magnan	Deputy Commission, CT Department of Consumer Protection	West Hartford	12-31-2026	Bureau of Public Works, Committee on MDC Government, Personnel, Pension & Insurance Committee, Community Affairs Committee
Jackie Mandyck	<i>Executive Director</i>	West Hartford	12-31-2030	Water Bureau, Community Affairs Committee, Audit Committee, Strategic Planning Committee, Regional 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, Audit Committee, Strategic Planning Committee, Personnel, Pension and Insurance Committee
Bhupen Patel	<i>Retired</i>	Newington	12-31-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and Insurance Committee, Ethics Advisory Committee, Strategic Planning Committee, Regional 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, Committee on Technology, Regional Planning Committee, General Policy and Planning Committee
Alvin E. Taylor	<i>Retired</i>	Legislative Appointee	12-31-2028	Bureau of Public Works, Water Bureau, General Policy & Planning, Personnel, Pension & Insurance Committee, Audit Committee, Strategic Planning Committee, Committee on Technology, Regional Planning Committee
Christopher Tierinni		East Hartford	12-31-2026	Water Bureau, Committee on MDC Government, Strategic Planning Committee
Calixto Torres	<i>Retired</i>	Hartford	12-31-2028	Bureau of Public Works, Committee on Organization, Committee on MDC Government, Community Affairs Committee
James Woulfe	<i>Chief of Staff</i>	Hartford	12-31-2028	Bureau of Public Works, Committee on Organization, Ethics Advisory Committee, Committee on MDC Government, Personnel, Pension & Insurance Committee
Michael Carrier	<i>Attorney</i>	Representative from New Britain	12-31-2010*	Ex-Officio Member of the Water Bureau of District Board

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

**THE METROPOLITAN DISTRICT**  
**HARTFORD COUNTY**  
**DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP**  
**AS OF DECEMBER 31, 2025\***

	Total Commissioners	Appointed By		
		Municipality	Governor	Legislature
Hartford	7	5	2	
East Hartford	3	2	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>29</u>	<u>18</u>	<u>7</u>	<u>4</u>

\* One East Granby Commissioner appointed by the municipality is vacant as of 12/31/2025

\* One Hartford Commissioner appointed by the municipality is vacant as of 12/31/2025

\* One Commissioner appointed by Governor is vacant as of 12/31/2025

**THE METROPOLITAN DISTRICT**

**HARTFORD COUNTY  
BOARD OF FINANCE**

	<b><u>Term Expires</u></b>
Donald Currey (Ex-Officio)	12-31-2030
Andrew Adil	12-31-2030
Allen Hoffman	12-31-2025
Pasquale J. Salemi	12-31-2028
Drew Iacovazzi	12-31-2025
Linda A. King-Corbin	12-31-2025
Linda Russo	12-31-2025
Awet Tsegai	12-31-2025
Edwin Vargas	12-31-2025

DRAFT

**FINANCIAL SECTION**

DRAFT

## INDEPENDENT AUDITORS' REPORT

Board of Finance  
The Metropolitan District  
Hartford, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the The Metropolitan District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the The Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 The Metropolitan District, as of December 31, 2025, 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 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 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 GAAS, 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 The Metropolitan District's basic financial statements. The combining financial statements and schedules and the schedule of changes in assessments receivable 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 financial statements and schedules are 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 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 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

DRAFT

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

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, 2025. Please read it in conjunction with the transmittal letter (beginning on page i-vi), basic financial statements (beginning on page 22), and notes to the financial statements (beginning on page 34).

**FINANCIAL HIGHLIGHTS**

*Government-wide financials*

- Total net position of the District at the close of fiscal year 2025 is \$1.554 billion. Of this amount, \$32.9 million is unrestricted.
- Total net position increased \$135.8 million or 9.6% over the prior fiscal year, \$112.4 million in governmental activities and \$23.4 million in business-type activities.
  - Capital assets increased \$171.9 million overall, \$120.8 million in governmental activities and \$51.1 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 \$7.3 million overall, comprised of a \$6.1 million increase in governmental activities and \$1.2 million increase in business-type activities.
  - Current and long-term liabilities increased by \$35.2 million overall.
    - ▲ Governmental activities increased its liabilities by a net \$11.0 million. This increase was driven by an increase of \$70.9 million in long-term liabilities offset by a \$59.9 million decrease in current liabilities. The current liabilities decrease is driven primarily by the payment of a \$51.2 million change order under the South Hartford Conveyance and Storage Tunnel contract at project completion. Long term liabilities increase is primarily driven by a year over year increase in IFO net debt activity of \$50.6 million, a \$32.6 million year over year increase of revenue bond net debt activity, and a \$7.7 million increase in net bond activity, offset by decreases of \$10.5 million in net pension obligations, \$7.9 million in PLO net debt activity and \$2.1 million other long-term liabilities.
    - ▲ Business-type activities increased its liabilities by a net \$24.2 million. This increase was driven by an increase of \$27.0 million in long-term offset by a \$2.8 million decrease in current liabilities. Long term liabilities increase is primarily driven by a year over year increases of \$41.1 million in net bond activity and an increase of \$6.3 million in IFO net debt activity, offset by decreases of \$14.4 million in net pension obligations, \$3.6 million in PLO net debt activity and \$2.4 million other long-term liabilities.
  - Net deferrals increased by \$8.2 million, driven primarily by pension and OPEB, as follows:

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

- ▲ Pension net deferral increased by \$23.1 million, comprised of a \$12.6 million decrease in deferred outflows, offset by a \$10.5 million increase in deferred inflows (GASB 67/68).
- ▲ OPEB net deferral decreased by \$14.6 million, comprised of a \$1.9 million decrease in deferred outflows, offset by a \$16.5 million increase in deferred inflows (GASB 74/75).
- ▲ Change of refunding net deferral decreased by \$0.3 million, comprised of a \$0.3 million decrease in deferred outflows, offset by a \$0.6 million decrease in deferred inflows.

*Fund financials*

- The total fund balance for Governmental Funds at the close of fiscal year 2025 is \$143.8 million. Of this amount \$73.8 million is Committed for Capital Projects, \$28.4 million is Restricted for Capital Projects, \$1.0 million is Committed for Debt Service and the General Fund has a \$6.5 million Nonspendable (inventory and pre-paid items), \$1.0 million Assigned Fund Balance for the purposes of Sewer Ad Valorem Tax Levy Stabilization, and \$33.1 million Unassigned Fund Balance.
- The General Fund's \$33.1 million Unassigned Fund Balance is 34.5% of the \$96.0 million total General Fund revenues. The District's fund balance policy targets this ratio's range to be between 30-35%. While not a surplus reserve as in prior years, this remains a healthy unassigned fund balance ratio.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements** (pages 22-23). 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

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

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.

***Fund Financial Statements*** (pages 24-33) A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds* -- 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. Therefore, long-term liabilities, capital assets and deferred inflows and outflows are not presented.

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

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

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 34-81). The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

*Required supplementary information (RSI)* (pages 83-91). The required supplementary information presents the District's progress in funding its obligation to provide pension and other post-employment benefits to its employees. This information can be found on pages 86-91 of this report. Also included in the required supplementary information is the General Fund Schedule of Revenues, Expenditures and changes in Fund Balance budget to actual. This information can be found on pages 83-85 of this report.

*Combining and Individual Fund Statements and Schedules* (pages 93-96). 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 99-111). This section includes financial trends; revenue and debt capacity analysis; 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 2025 the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total \$1.554 billion, \$1.216 billion from Governmental Activities and \$338 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 \$135.8 million overall during the fiscal year or 9.6%.

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

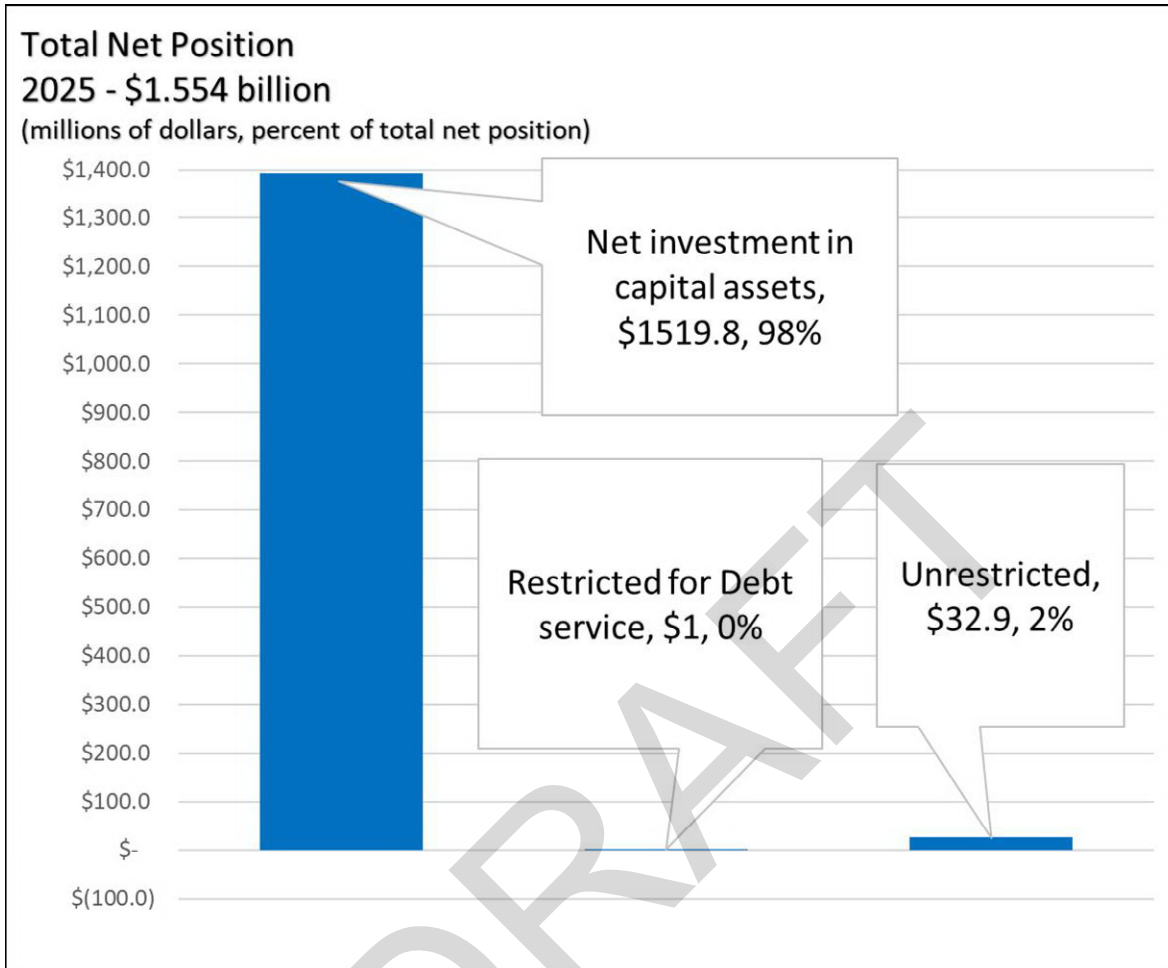
**Statement of Net Position  
December 31, 2025 and 2024**

	2025			2024		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>						
Current and Other Assets	\$ 189,407,861	\$ 166,851,605	\$ 356,259,466	\$ 183,332,623	\$ 165,613,605	\$ 348,946,228
Capital Assets, Net of Accumulated Depreciation	2,437,174,112	827,920,608	3,265,094,720	2,316,337,896	776,815,248	3,093,153,144
Total Assets	2,626,581,973	994,772,213	3,621,354,186	2,499,670,519	942,428,853	3,442,099,372
<b>Deferred Outflows of Resources</b>	9,581,109	12,014,540	21,595,649	15,861,558	20,492,334	36,353,892
<b>Liabilities:</b>						
Current Liabilities	42,822,512	21,261,049	64,083,561	102,740,301	24,033,623	126,773,924
Long-Term Liabilities Outstanding	1,354,432,223	619,090,902	1,973,523,125	1,283,556,778	592,092,928	1,875,649,706
Total Liabilities	1,397,254,735	640,351,951	2,037,606,686	1,386,297,079	616,126,551	2,002,423,630
<b>Deferred Inflows of Resources</b>	23,364,757	28,313,802	51,678,559	26,099,134	32,081,858	58,180,992
<b>Net Position:</b>						
Net Investment in Capital Assets	1,168,025,129	351,738,120	1,519,763,249	1,059,734,668	332,526,794	1,392,261,462
Restricted	1,048,455	-	1,048,455	784,196	-	784,196
Unrestricted	46,470,006	(13,617,120)	32,852,886	42,617,000	(17,814,016)	24,802,984
Total Net Position	\$ 1,215,543,590	\$ 338,121,000	\$ 1,553,664,590	\$ 1,103,135,864	\$ 314,712,778	\$ 1,417,848,642

See the Statement of Net Position (page 22) for more detailed information.

By far, the largest portion of the District's assets in 2025 is its \$3.3 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, 2025**



**Governmental Activities.** The net position of governmental activities increased \$112.4 million or 10.2% from the prior year. The Statement of Net Position shows an increase of \$120.8 million in capital assets, an increase of \$6.0 million in cash and receivables, a \$3.5 million increase in net deferrals, and a net increase of \$10.9 million in current and long-term liabilities.

**Business-Type Activities.** The net position of business-type activities increased \$23.4 million or 7.4% from the prior year. The Statement of Net Position shows an increase of \$51.1 million in capital assets, \$1.0 million decrease in cash and receivables, \$2.2 million combined increase in internal balances, supplies, other assets and prepaids, \$4.7 million increase in net deferrals, and a net increase of \$24.2 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, 2025**

**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, 2025 and 2024**

	2025			2024		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 103,420,672	\$ 103,150,809	\$ 206,571,481	\$ 91,753,508	\$ 99,481,420	\$ 191,234,928
Operating Grants and Contributions	10,725,206	-	10,725,206	20,879,786	-	20,879,786
Capital Grants and Contributions	62,228,866	9,957,960	72,186,826	23,926,160	13,065,709	36,991,869
General Revenues:						
Sewer Taxation - Member Municipalities	53,076,604	-	53,076,604	53,076,600	-	53,076,600
Unrestricted Investment Earnings	4,057,082	4,236,889	8,293,971	7,144,069	5,430,922	12,574,991
Miscellaneous Income	293,999	3,030,593	3,324,592	-	2,911,592	2,911,592
<b>Total Revenues</b>	<b>233,802,429</b>	<b>120,376,251</b>	<b>354,178,680</b>	<b>196,780,123</b>	<b>120,889,643</b>	<b>317,669,766</b>
<b>EXPENSES</b>						
General Government Operations	12,308,712	-	12,308,712	5,825,761	-	5,825,761
Plants and Maintenance	20,833,707	-	20,833,707	27,073,673	-	27,073,673
Interest on Long-Term Debt	61,915,322	-	61,915,322	43,345,066	-	43,345,066
Water	27,919,835	-	27,919,835	26,928,528	-	26,928,528
Hydroelectricity	-	95,070,450	95,070,450	-	71,870,996	71,870,996
Total Expenses	-	314,706	314,706	-	354,244	354,244
<b>Total Expenses</b>	<b>122,977,576</b>	<b>95,385,156</b>	<b>218,362,732</b>	<b>103,173,028</b>	<b>72,225,240</b>	<b>175,398,268</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b>						
	110,824,853	24,991,095	135,815,948	93,607,095	48,664,403	142,271,498
<b>TRANSFERS</b>	1,582,873	(1,582,873)	-	790,178	(790,178)	-
<b>NET CHANGE IN NET POSITION</b>	<b>112,407,726</b>	<b>23,408,222</b>	<b>135,815,948</b>	<b>94,397,273</b>	<b>47,874,225</b>	<b>142,271,498</b>
Net Position - Beginning, Originally Reported	1,103,135,864	314,712,778	1,417,848,642	1,011,074,464	269,690,799	1,280,765,263
Restatement				(2,335,873)	(2,852,246)	(5,188,119)
Net Position, Beginning, As Restated				1,008,738,591	266,838,553	1,275,577,144
<b>NET POSITION - END OF YEAR</b>	<b>\$ 1,215,543,590</b>	<b>\$ 338,121,000</b>	<b>\$ 1,553,664,590</b>	<b>\$ 1,103,135,864</b>	<b>\$ 314,712,778</b>	<b>\$ 1,417,848,642</b>

See the Statement of Activities (page 23) for more detailed information.

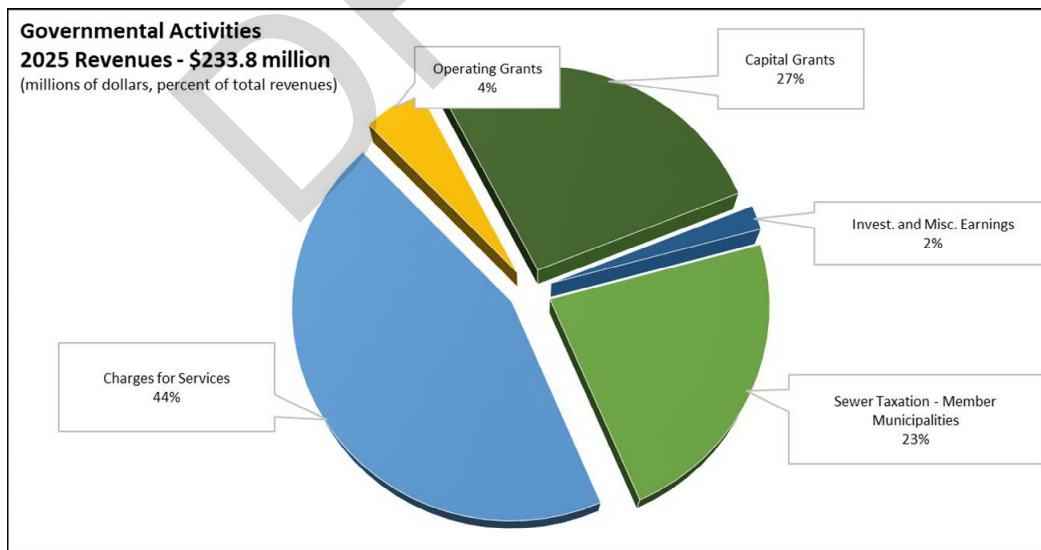
**Governmental Activities**

*Revenues* – increased by \$37.0 million or 18.8% from \$196.8 million to \$233.8 million:

- An increase of \$38.3 million in capital grants in the Clean Water Project Funds from four new Integrated Plan projects in Hartford for the North Hartford Pilot Project area on Durham, Woodstock, Branford, Westland and Garden Streets and in North Meadows and North Branch Park River/Gully Brook areas for which \$20.1 million in grant revenue was received, an increase of \$22.8 million in grant revenue received for the South Hartford Conveyance Storage Tunnel, offset by a decrease in year over year funding of \$4.6 million for the Blue Hills-Granby Drainage Study and the South Hartford Conveyance and Storage Tunnel.

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

- An increase of \$11.7 million for Charges for Services due to a \$3.6 million increase in the Clean Water Project charge primarily due to a rate increase from \$4.33 in 2024 to \$4.57 in 2025, a \$1.7 million increase in High Strength charges caused by higher collections primarily attributable to two large customers located in the Town of East Hartford, a \$0.9 million increase in high flow user charges due to year-over-year cubic volume increase of 22K, a \$0.5 million increase in sewer user charges due to year-over-year cubic volume increase of 32K, and a \$5.5 million increase in Liquid Waste Discharge primarily attributable to items previously reported in operating revenue that are now included within Charges for Services offset by a \$ 0.5 million decrease in miscellaneous other sewer user charges.
- A decrease of \$10.2 million in Operating Grants and Contributions is made up of two things. The first is a decrease of \$5.4 million in operating revenue due primarily to an auditor grouping change for Liquid Waste Discharge for which \$6.0 million was included in this category in 2024 and for 2025 is included within Charges for Services offset by an increase of \$0.9 million in sludge services and a \$0.3 million decrease in liquid waste discharge write-offs. The second is a decrease of \$4.8 million in capital grants in the Capital Project Fund based on the decrease in year over year grant funding of \$5.8 million due to the near completion of the treatment plant upgrades in the City of East Hartford, the Large Diameter Rehabilitation Program Phase II, and the Hartford Water Pollution Control Facility dissolved air flotation thickening process upgrade offset by a \$1.0 million increase in funding for Rocky Hill WPCF Headworks and Electrical Upgrade.
- A combined decrease of \$2.8 million in unrestricted investment earnings and miscellaneous income. Lower interest rates and average daily balances drove the lower investment earnings from the prior year. The 2025 average daily interest rate of 4.28% was lower than the 2024 average daily interest rate of 5.34%. Additionally, average daily balances were driven primarily by a \$51.2 million change order payment in March 2025 for which reimbursement was not received until the next fiscal year in January 2026.

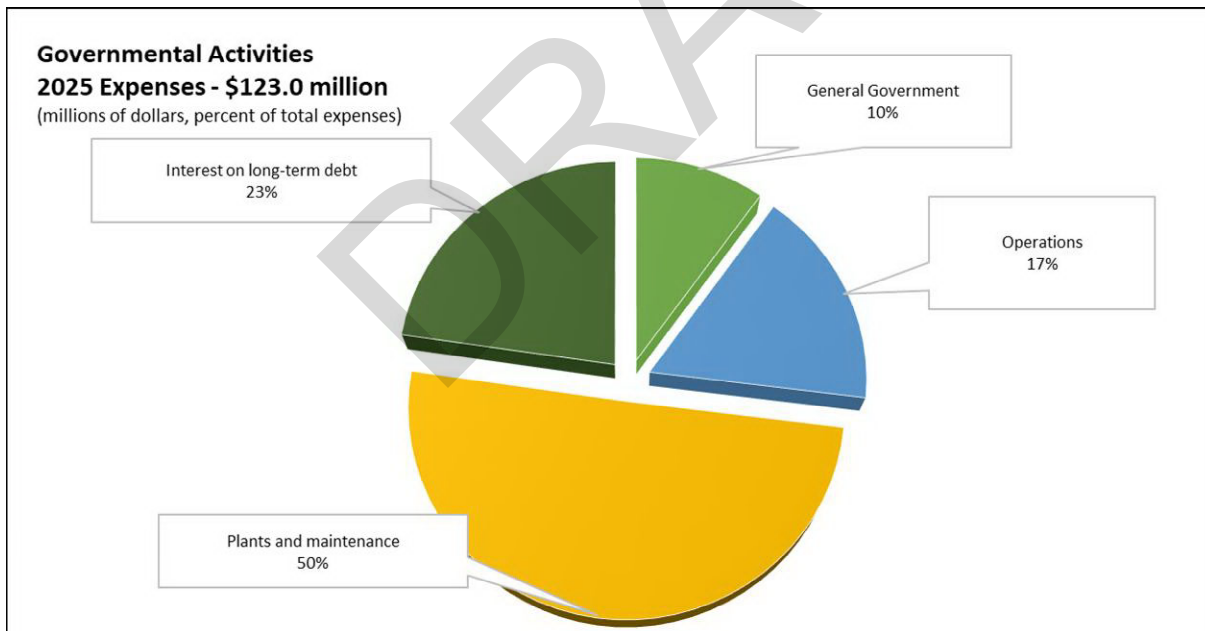


**Expenses** – increased \$19.8 million or 19.2% from \$103.2 million to \$123.0 million:

- An increase of \$18.2 million in OPEB expenses due primarily to the full amortization in 2024 of the District's Deferred Inflow benefit relating to the Board adopting an OPEB Trust agreement in 2020.

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

- An increase of \$5.4 million in payroll and payroll related expenses consisting of a \$1.4 million increase in District OPEB and Pension contributions and a \$4.0 million increase in payroll due primarily to wage increases and an increase in full-time equivalent employees.
- An increase of \$1.0 million in debt service interest and related expenses due to higher carrying amounts on debt year over year. A large portion of newly acquired debt relates to the Integrated Plan described in further detail in Note 6 in the Notes to the Financial Statements.
- An increase of \$2.5 million in contributions to the Internal Service Fund to fund payroll related benefit expenses consisting of medical, group term life, HSA contributions and other wellness and retirement incentives.
- A decrease of \$5.3 million in material, supplies and chemicals.
- A decrease of \$4.4 million transfer from the Internal Service Fund to the General Fund; in 2024 this transfer decreased overall expenses in the General Fund.
- A decrease of \$4.0 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 Governmental and Business-Type operating funds. In 2025 and 2024, ISF deficit increased expenditures in the Governmental Funds. The allocated deficits in 2025 and 2024, respectively, were \$1.2 million and \$5.1 million accounting for the year-over-year variance.
- A decrease of \$2.4 million in pension expenses according to updated actuarial disclosure reports.



**Business-Type Activities**

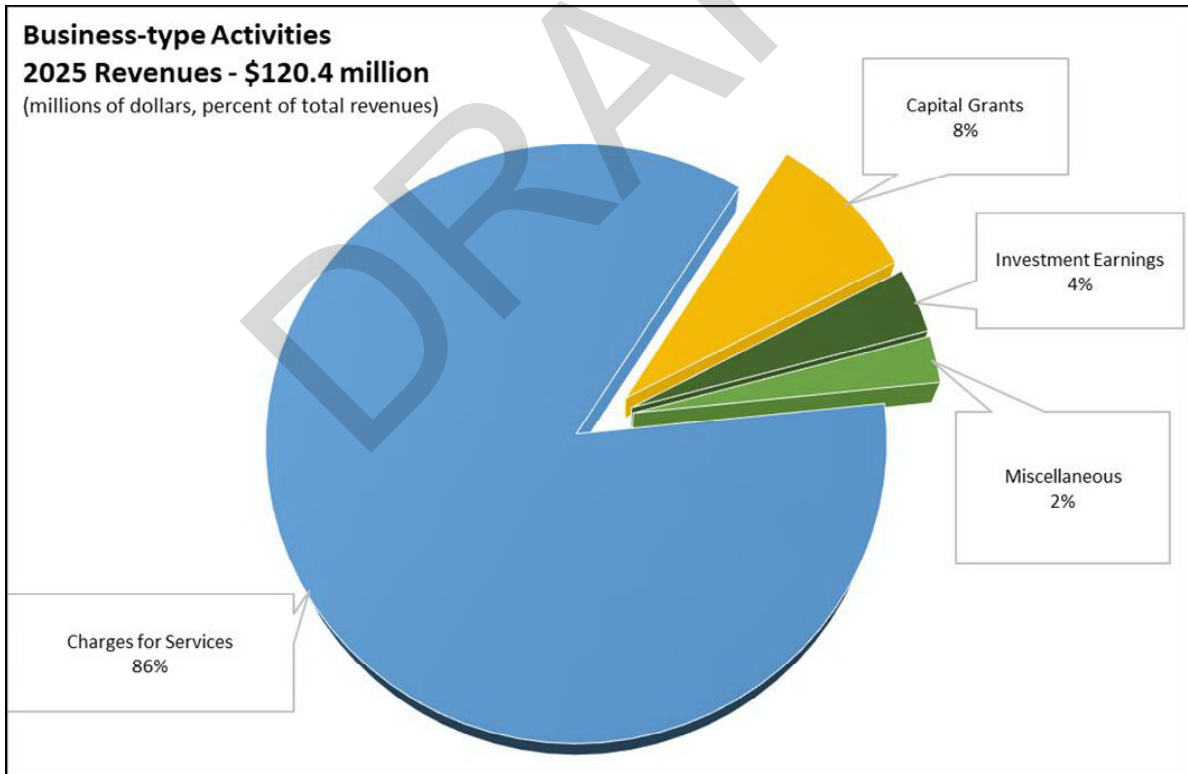
*Revenues* – decreased by \$0.5 million or 0.4% from \$120.9 million to \$120.4 million:

- An increase of \$3.7 million in charges for services due to a \$2.1 million increase in domestic water sales, \$0.5 million increase in commercial water sales, \$0.5 million increase in property change of ownership administration fees, and a \$0.2 million increase in domestic customer

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

service charges. Additionally, \$0.4 million miscellaneous revenues consist of fees and services such as fire protection services, public hydrant maintenance, and resale of treated water.

- An increase of \$2.9 million in the recognition of the secondary labor and equipment expenses being charged to water capital improvement projects as primary revenue in the Water Utility Fund.
- A decrease of \$3.7 million in federal grants consists of \$3 million in 2025 grant revenue including the Water Main Replacements in Hartford-East Hartford (Chadwick Ave and Deerfield Ave in Hartford, CT and Hammer Street in East Hartford), and the Hartford-Sherman, Marshall & Laurel Area, this is in comparison to \$6.7 million received in 2024 grants, which include Water Main Replacements for the Capital Ave Area in Hartford, Wickham Hill Area in East Hartford, Hartford Hospital Area, and Hubbard Road in Hartford. Additional 2024 grants include the Orchard ST Pump Station Improvements in Glastonbury, and Water Service Line Inventory (Identification of service lines within the MDC water service area).
- A decrease of \$2.3 million in developer installed hydrants, water mains, and service pipes. These donated assets fluctuate yearly, closely correlating with the real estate market.
- A decrease of \$1.2 million in investment earnings due to reduction in average interest rates from 5.26% in 2024 to 4.32% in 2025. Additionally, average daily balances decreased during the year due to increased activity on multiple projects in 2025.

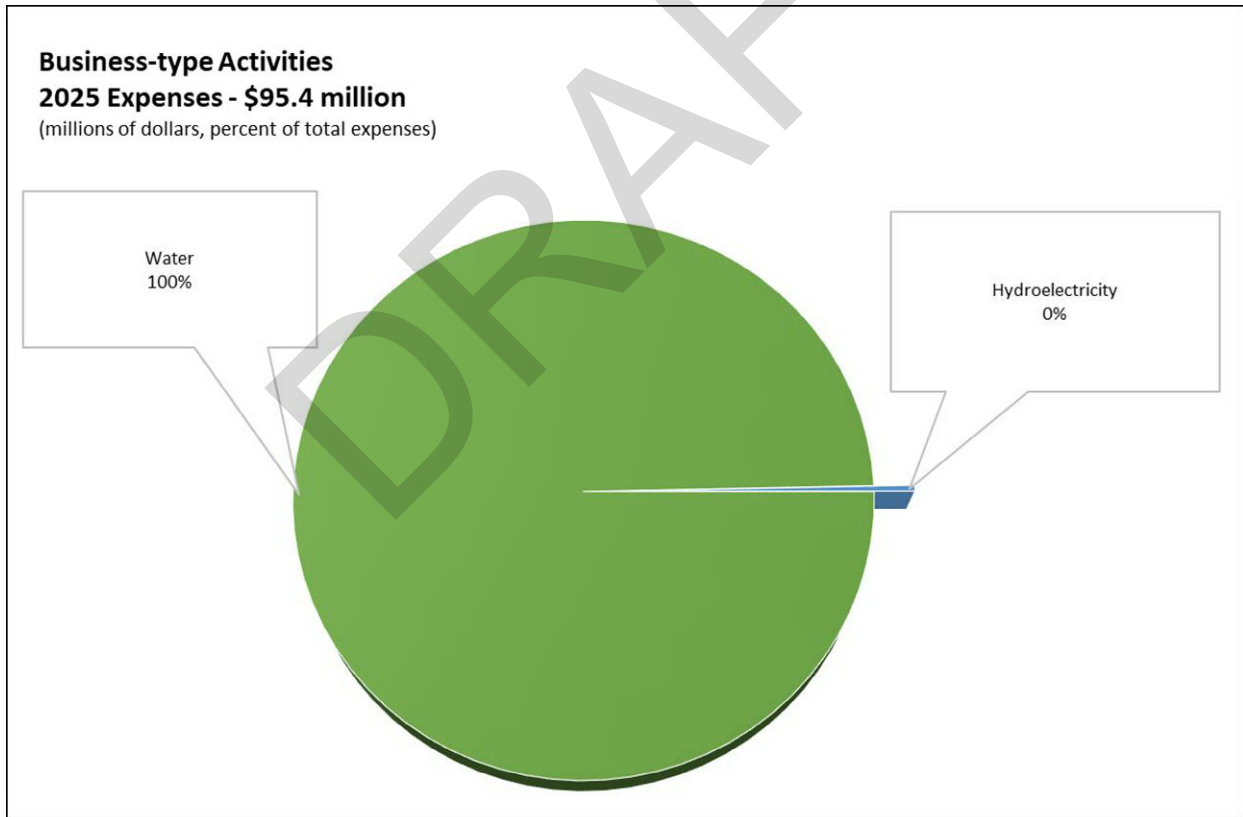


*Expenses* – increased by \$23.2 million or 32.1% from \$72.2 million to \$95.4 million:

- An increase of \$22.4 million in OPEB expenses due primarily to the full amortization in 2024 of the District's Deferred Inflow benefit relating to the Board adopting an OPEB Trust agreement in 2020.

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

- An increase of \$5.4 million in payroll and payroll related expenses OPEB expenses due primarily to the expiration of the amortization of the District's benefit of switching to a funded plan in 2020 and the expiration of the benefit of the amortization in 2024.
- An increase of \$1.9 million in contributions to the Internal Service Fund to fund payroll related benefit expenses consisting of medical, group term life, HSA contributions and other wellness and retirement incentives.
- An increase of \$1.4 million in operating expenses due to the termination of a 50-year agreement with the Army Corps of Engineers.
- An increase of \$1.1 million in debt related expenses due to higher interest expense and bond issuance costs offset by lower amortization on bond premiums and refunding costs.
- A decrease of \$5.0 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 Governmental and Business-Type operating funds. In 2025 and 2024, ISF deficit increased expenditures in the Business-Type Activities Funds. The allocated deficits in 2025 and 2024, respectively, were \$1.2 million and \$6.2 million accounting for the year-over-year variance.
- A decrease of \$4.0 million in pension expenses due to updated actuarial disclosure reports.



**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

**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. 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 2025, the District's governmental funds reported a combined ending fund balance of \$143.8 million. Of this amount \$73.8 million is Committed for Capital Projects, \$28.4 million is Restricted for Capital Projects, \$1.0 million is Committed for Debt Service and the General Fund has a \$6.5 million Nonspendable (inventory and pre-paid items), \$1.0 million is Assigned Fund Balance for the purposes of Sewer Ad Valorem Tax Levy Stabilization and \$33.1 million is Unassigned Fund Balance.

The General Fund is the wastewater (sewer) operating fund for the District. At the end of 2025, the General Fund total fund balance was \$40.6 million, of which \$33.1 million is Unassigned, \$6.5 million is Nonspendable inventory and prepaid assets, and \$1.0 million is Assigned for the purpose of Sewer Ad Valorem Tax Levy Stabilization. This represents a Fund Balance decrease of \$4.0 million over the prior year, resulting in a fund balance ratio within the District's fund balance policy.

The Debt Service Fund's Committed fund balance at the end of 2025 is \$1.0 million, which is a \$0.2 million increase from the prior year.

The Clean Water Project Fund's fund balance of \$61.1 million increased by \$63.8 million over the prior year primarily attributable to a \$64.2 million increase in receivables. Much of the receivable balance increase, \$51.1 million, was received by the Department of Energy and Environmental Protection, \$23 million in grants and the remainder of \$28.1 million in loans in January 2026 for the South Hartford Conveyance and Storage Tunnel project.

The Capital Project Fund Restricted fund balance of \$24.0 million represents unspent bonded funds for current and future projects, leaving a Committed fund balance of \$17.0 million.

**Proprietary Funds**

The total net position for the Water Utility and Hydroelectric Development Fund at the end of 2025 was \$338.1 million, a \$23.4 million or 7.4% increase over the prior year. This increase was driven by:

- \$53.9 million increase in assets

*Offset by a*

- \$24.6 million increase in liabilities

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

- \$4.7 million decrease in net deferrals
- \$2.2 million decrease due to share of Internal Service fund net position

**General Fund Budgetary Highlights**

During the 2025 budget year, revenues exceeded expenditures by \$1.6 million. Total revenues and other financing sources were below budget by \$3.9 million or 3.6% and expenditures were \$5.5 million or 5.1% below budget.

The General Fund received \$1.6 million Contributions from Other Funds, specifically: \$1.2 million was transferred in from the Hydroelectric Development Fund and \$0.4 million was transferred in from the Internal Service Fund.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2025, the District had invested \$3.3 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of \$171.9 million or 5.6%, from the prior year.

Governmental capital assets increased \$120.8 million, due to a \$79.0 million increase in Construction in Progress (CIP) and a \$54.7 million increase in Infrastructure offset by a \$12.9 million decrease in Buildings.

Business-type capital assets increased \$51.1 million due to an \$11.8 million increase in Infrastructure and \$44.5 million increase in Construction in Progress (CIP), these increases were offset by a \$1.0 million decrease in Machinery and Equipment and a \$4.2 million decrease in Buildings.

**Capital Assets (net of depreciation)  
Years Ended December 31, 2025 and 2024**

	2025			2024		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 14,487,430	\$ 10,847,885	\$ 25,335,315	\$ 14,487,430	\$ 10,847,885	\$ 25,335,315
Buildings	238,466,608	94,114,769	332,581,377	251,352,791	98,299,949	349,652,740
Machinery and Equipment	50,415,998	35,410,144	85,826,142	50,294,143	36,404,807	86,698,950
Infrastructure	959,023,366	473,580,960	1,432,604,326	904,357,078	461,825,004	1,366,182,082
Construction in Progress	1,174,780,710	213,966,850	1,388,747,560	1,095,846,454	169,437,603	1,265,284,057
<b>Total</b>	<b>\$ 2,437,174,112</b>	<b>\$ 827,920,608</b>	<b>\$ 3,265,094,720</b>	<b>\$ 2,316,337,896</b>	<b>\$ 776,815,248</b>	<b>\$ 3,093,153,144</b>

Additional information on the District's capital assets can be found in Note 3D on pages 50-53 of this report.

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

**Long-Term Debt**

At the end of 2025, the District had approximately \$2.0 billion in outstanding debt driven primarily by \$1.2 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 \$0.6 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, 2025 and 2024**

	2025			2024		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation/ Revenue bonds	\$ 783,724,452	\$ 436,798,639	\$ 1,220,523,091	\$ 746,699,243	\$ 397,578,782	\$ 1,144,278,025
Clean/Drinking Water Loans	485,419,032	64,743,831	550,162,863	442,720,205	61,931,979	504,652,184
Compensated absences	7,696,640	8,022,613	15,719,253	7,172,000	8,762,617	15,934,617
Claims and Judgments		6,995,700	6,995,700	-	7,417,323	7,417,323
Net Pension Liability	21,870,731	28,899,961	50,770,692	32,361,493	43,315,535	75,677,028
Net OPEB Liability	55,721,368	73,630,158	129,351,526	54,603,837	73,086,692	127,690,529
<b>Total</b>	<b>\$ 1,354,432,223</b>	<b>\$ 619,090,902</b>	<b>\$ 1,973,523,125</b>	<b>\$ 1,283,556,778</b>	<b>\$ 592,092,928</b>	<b>\$ 1,875,649,706</b>

In August of 2025 S&P Global Ratings assigned its 'AA' rating to the general obligation bond issuance of 2025. At the same time, S&P Global Ratings affirmed its rating on MDC's outstanding GO and clean water project (CWP) revenue bonds. The outlook is stable. Also, in August of 2025 assigned a Aa2 rating to the general obligation bond issuance of 2025. Moody's also affirmed the Aa2 rating on the MDC's existing GO bonds maintained the Aa2 rating on the outstanding revenue bonds. The outlook is stable.

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 \$1.7 billion of which the District has \$0.9 billion outstanding leaving an available balance of \$0.8 billion.

Additional information on the District's long-term debt can be found in Note 3E on pages 54-61 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 2026 year budget.

**THE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

**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.

DRAFT

**BASIC FINANCIAL STATEMENTS**

DRAFT

**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 86,233,105	\$ 141,722,510	\$ 227,955,615
Receivables, Net of Allowance for Uncollectibles	93,390,820	18,593,100	111,983,920
Internal Balances	3,278,145	(3,278,145)	-
Supplies	5,790,000	5,623,689	11,413,689
Other Assets	-	3,000,000	3,000,000
Prepaid Items	715,791	1,190,451	1,906,242
Capital Assets, Nondepreciable	1,189,268,140	224,814,735	1,414,082,875
Capital Assets, Net of Accumulated Depreciation	<u>1,247,905,972</u>	<u>603,105,873</u>	<u>1,851,011,845</u>
Total Assets	<u>2,626,581,973</u>	<u>994,772,213</u>	<u>3,621,354,186</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pension	7,128,298	9,419,326	16,547,624
Deferred Outflows - OPEB	1,770,646	2,339,729	4,110,375
Deferred Charge on Refunding	682,165	255,485	937,650
Total Deferred Outflows of Resources	<u>9,581,109</u>	<u>12,014,540</u>	<u>21,595,649</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Items	40,521,207	19,357,328	59,878,535
Customer Advances for Construction	2,301,305	1,903,721	4,205,026
Noncurrent Liabilities:			
Due Within One Year	175,566,385	49,110,164	224,676,549
Due in More Than One Year	1,178,865,838	569,980,738	1,748,846,576
Total Liabilities	<u>1,397,254,735</u>	<u>640,351,951</u>	<u>2,037,606,686</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pension	14,597,473	19,289,085	33,886,558
Deferred Inflows - OPEB	5,298,963	7,002,045	12,301,008
Deferred Charge on Refunding	3,468,321	2,022,672	5,490,993
Total Deferred Inflows of Resources	<u>23,364,757</u>	<u>28,313,802</u>	<u>51,678,559</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,168,025,129	351,738,120	1,519,763,249
Restricted for:			
Debt Service	1,048,455	-	1,048,455
Unrestricted	<u>46,470,006</u>	<u>(13,617,120)</u>	<u>32,852,886</u>
Total Net Position	<u>\$ 1,215,543,590</u>	<u>\$ 338,121,000</u>	<u>\$ 1,553,664,590</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 12,308,712	\$ -	\$ 7,898,414	\$ -	\$ (4,410,298)	\$ -	\$ (4,410,298)
Operations	20,833,707	99,019,171	-	-	78,185,464	-	78,185,464
Plants and Maintenance	61,915,322	4,401,501	2,826,792	62,228,866	7,541,837	-	7,541,837
Interest on Long-Term Debt	27,919,835	-	-	-	(27,919,835)	-	(27,919,835)
Total Governmental Activities	122,977,576	103,420,672	10,725,206	62,228,866	53,397,168	-	53,397,168
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	95,070,450	102,692,728	-	9,957,960	-	17,580,238	17,580,238
Hydroelectricity	314,706	458,081	-	-	-	143,375	143,375
Total Business-Type Activities	95,385,156	103,150,809	-	9,957,960	-	17,723,613	17,723,613
Total	<u>\$ 218,362,732</u>	<u>\$ 206,571,481</u>	<u>\$ 10,725,206</u>	<u>\$ 72,186,826</u>	53,397,168	17,723,613	71,120,781
<b>GENERAL REVENUES</b>							
Sewer Taxation - Member Municipalities					53,076,604	-	53,076,604
Miscellaneous					293,999	3,030,593	3,324,592
Unrestricted Investment Earnings					4,057,082	4,236,889	8,293,971
Transfers					1,582,873	(1,582,873)	-
Total General Revenues and Transfers					<u>59,010,558</u>	<u>5,684,609</u>	<u>64,695,167</u>
<b>CHANGES IN NET POSITION</b>							
					112,407,726	23,408,222	135,815,948
Net Position - Beginning of Year					<u>1,103,135,864</u>	<u>314,712,778</u>	<u>1,417,848,642</u>
<b>NET POSITION - END OF YEAR</b>							
					<u>\$ 1,215,543,590</u>	<u>\$ 338,121,000</u>	<u>\$ 1,553,664,590</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2025**

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 33,472,603	\$ 1,052,262	\$ 6,588,843	\$ 45,119,397	\$ 86,233,105
Receivables, Net of Allowance for Uncollectibles	8,866,787	-	81,567,638	2,956,395	93,390,820
Supplies	5,790,000	-	-	-	5,790,000
Prepaid Items	715,791	-	-	-	715,791
<b>Total Assets</b>	<b>\$ 48,845,181</b>	<b>\$ 1,052,262</b>	<b>\$ 88,156,481</b>	<b>\$ 48,075,792</b>	<b>\$ 186,129,716</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Items	\$ 2,008,674	\$ 3,807	\$ 20,908,222	\$ 4,954,812	\$ 27,875,515
Customer Advances for Construction	2,301,305	-	-	-	2,301,305
<b>Total Liabilities</b>	<b>4,309,979</b>	<b>3,807</b>	<b>20,908,222</b>	<b>4,954,812</b>	<b>30,176,820</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Special Assessments	110,402	-	-	2,074,716	2,185,118
Unavailable Revenue - Sewer User Fees	3,780,177	-	5,665,657	-	9,445,834
Unavailable Revenue - Grants	-	-	467,008	-	467,008
<b>Total Deferred Inflows of Resources</b>	<b>3,890,579</b>	<b>-</b>	<b>6,132,665</b>	<b>2,074,716</b>	<b>12,097,960</b>
<b>FUND BALANCES</b>					
Nonspendable	6,505,791	-	-	-	6,505,791
Restricted	-	-	4,359,822	24,016,680	28,376,502
Committed	-	1,048,455	56,755,772	17,029,584	74,833,811
Assigned	1,000,000	-	-	-	1,000,000
Unassigned	33,138,832	-	-	-	33,138,832
<b>Total Fund Balances</b>	<b>40,644,623</b>	<b>1,048,455</b>	<b>61,115,594</b>	<b>41,046,264</b>	<b>143,854,936</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 48,845,181</b>	<b>\$ 1,052,262</b>	<b>\$ 88,156,481</b>	<b>\$ 48,075,792</b>	<b>\$ 186,129,716</b>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2025**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances - Governmental Funds (Exhibit III) \$ 143,854,936

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	3,009,265,381
Less: Accumulated Depreciation	<u>(572,091,269)</u>
Net Capital Assets	2,437,174,112

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.

3,278,145

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	2,185,118
Sewer Use Receivables	9,912,842
Deferred Outflows Related to Refunding	682,165
Deferred Outflows Related to Pension	7,128,298
Deferred Outflows Related to OPEB	1,770,646

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	(723,816,817)
Premiums	(59,907,635)
Notes Payable	(485,419,032)
Interest Payable on Long-Term Debt	(12,645,692)
Compensated Absences	(7,696,640)
Net Pension Liability	(21,870,731)
Deferred Inflows Related to Pension	(14,597,473)
Deferred Inflows Related to OPEB	(5,298,963)
Deferred Inflows Related to Refunding	(3,468,321)
Net OPEB Liability	<u>(55,721,368)</u>

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

\$ 1,215,543,590

**THE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2025**

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxation - Member Municipalities	\$ 53,076,604	\$ -	\$ -	\$ -	\$ 53,076,604
Assessments	-	-	-	2,902,176	2,902,176
User Fees	32,322,140	-	66,697,033	-	99,019,173
Intergovernmental Revenues	7,898,414	-	62,228,866	2,826,792	72,954,072
Investment Income	537,885	-	3,519,197	-	4,057,082
Other Local Revenues	2,123,749	-	-	293,999.00	2,417,748
Total Revenues	<u>95,958,792</u>	<u>-</u>	<u>132,445,096</u>	<u>6,022,967</u>	<u>234,426,855</u>
<b>EXPENDITURES</b>					
Current:					
General Government	11,705,364	-	-	-	11,705,364
Operations	11,289,113	-	-	-	11,289,113
Plants and Maintenance	36,455,269	-	-	-	36,455,269
Debt Service:					
Principal Retirement	-	68,123,618	-	-	68,123,618
Interest	23,900	34,516,668	223,824	-	34,764,392
Capital Outlay	-	-	125,136,459	35,293,045	160,429,504
Total Expenditures	<u>59,473,646</u>	<u>102,640,286</u>	<u>125,360,283</u>	<u>35,293,045</u>	<u>322,767,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	36,485,146	(102,640,286)	7,084,813	(29,270,078)	(88,340,405)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	-	-	46,815,000	31,587,800	78,402,800
Premiums on Issuance of Bonds	-	465,854	3,185,000	1,261,080	4,911,934
Clean Water Fund Loans Issued	-	-	67,070,442	5,640,194	72,710,636
Transfers In	1,582,873	102,438,691	473,900	-	104,495,464
Transfers Out	(42,110,808)	-	(60,801,783)	-	(102,912,591)
Total Other Financing Sources (Uses)	<u>(40,527,935)</u>	<u>102,904,545</u>	<u>56,742,559</u>	<u>38,489,074</u>	<u>157,608,243</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,042,789)	264,259	63,827,372	9,218,996	69,267,838
Fund Balances - Beginning of Year	<u>44,687,412</u>	<u>784,196</u>	<u>(2,711,778)</u>	<u>31,827,268</u>	<u>74,587,098</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 40,644,623</u>	<u>\$ 1,048,455</u>	<u>\$ 61,115,594</u>	<u>\$ 41,046,264</u>	<u>\$ 143,854,936</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, 2025**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ 69,267,838

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	158,140,407
Depreciation Expense	(37,228,763)

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. (75,428)

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. (1,122,037)

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

Sewer Assessment Revenue	122,553
Sewer Use Revenue	(746,977)
Change in Deferred Outflows Related to Pension	(5,345,263)
Change in Deferred Outflows Related to OPEB	(793,153)

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	(72,710,636)
Proceeds from Issuance of Bonds	(78,402,800)
Premiums on Issuance of Bonds	(4,911,934)
Bond Payments	38,111,808
Amortization of Bond Premium	8,177,717
Amortization of Deferred Charge on Refunding	195,188
Clean Water Fund Loan Payments	30,011,809
Change in Accrued Interest	(1,528,350)

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	(524,640)
Change in Net Pension Liability	10,490,762
Change in Deferred Inflows Related to Pension	(4,614,578)
Change in Deferred Inflows Related to OPEB	7,011,734
Change in Net OPEB Liability	(1,117,531)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II) \$ 112,407,726

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2025**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 125,734,139	\$ 957,970	\$ 126,692,109	\$ 15,030,401
Accounts Receivable, Net of Allowance for Uncollectibles	18,582,409	10,691	18,593,100	-
Supplies	5,380,973	242,716	5,623,689	-
Other Assets	3,000,000	-	3,000,000	-
Prepaid Items	1,190,451	-	1,190,451	-
Total Current Assets	<u>153,887,972</u>	<u>1,211,377</u>	<u>155,099,349</u>	<u>15,030,401</u>
Noncurrent Assets:				
Capital Assets, Nondepreciable	224,497,276	317,459	224,814,735	-
Capital Assets, Net of Accumulated Depreciation	599,230,625	3,875,248	603,105,873	-
Total Noncurrent Assets	<u>823,727,901</u>	<u>4,192,707</u>	<u>827,920,608</u>	<u>-</u>
Total Assets	<u>977,615,873</u>	<u>5,404,084</u>	<u>983,019,957</u>	<u>15,030,401</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - Pension	9,419,326	-	9,419,326	-
Deferred Outflows - OPEB	2,339,729	-	2,339,729	-
Deferred Charge on Refunding	255,485	-	255,485	-
Total Deferred Outflows of Resources	<u>12,014,540</u>	<u>-</u>	<u>12,014,540</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	19,127,755	6,768	19,134,523	222,805
Customer Advances for Construction	1,903,721	-	1,903,721	-
Current Portion of Claims Incurred but Not Reported Compensated Absences	-	-	-	1,302,788
Current Portion of Bonds and Loans Payable	44,624,296	-	44,624,296	-
Total Current Liabilities	<u>68,838,852</u>	<u>6,768</u>	<u>68,845,620</u>	<u>1,525,593</u>
Noncurrent Liabilities:				
Compensated Absences	4,839,533	-	4,839,533	-
Bonds and Loans Payable After One Year	456,918,174	-	456,918,174	-
Claims Incurred but Not Reported	-	-	-	5,692,912
Net Pension Liability	28,899,961	-	28,899,961	-
Net OPEB Liability	73,630,158	-	73,630,158	-
Total Noncurrent Liabilities	<u>564,287,826</u>	<u>-</u>	<u>564,287,826</u>	<u>5,692,912</u>
Total Liabilities	<u>633,126,678</u>	<u>6,768</u>	<u>633,133,446</u>	<u>7,218,505</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Pension	19,289,085	-	19,289,085	-
Deferred Inflows - OPEB	7,002,045	-	7,002,045	-
Deferred Charge on Refunding	2,022,672	-	2,022,672	-
Total Deferred Inflows of Resources	<u>28,313,802</u>	<u>-</u>	<u>28,313,802</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	347,545,413	4,192,707	351,738,120	-
Unrestricted	(19,355,480)	1,204,609	(18,150,871)	7,811,896
Total Net Position	<u>\$ 328,189,933</u>	<u>\$ 5,397,316</u>	<u>333,587,249</u>	<u>\$ 7,811,896</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>4,533,751</u>	
Net Position of Business-Type Activities			<u>\$ 338,121,000</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, 2025**

	Business-Type Activities - Enterprise Funds			Business-Type Activities Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
<b>OPERATING REVENUES</b>				
Water Sales	\$ 93,961,523	\$ -	\$ 93,961,523	\$ -
Energy Sales	-	458,081	458,081	-
Operating Contributions	-	-	-	13,760,142
Other Operating	8,731,205	-	8,731,205	-
Total Operating Revenues	<u>102,692,728</u>	<u>458,081</u>	<u>103,150,809</u>	<u>13,760,142</u>
<b>OPERATING EXPENSES</b>				
General Government	11,790,492	-	11,790,492	-
Operations	17,344,131	-	17,344,131	14,646,266
Plants and Maintenance	19,593,109	-	19,593,109	-
Employee Benefits and Other	12,722,635	-	12,722,635	-
Source of Supply	-	181,774	181,774	-
Depreciation Expense	20,709,120	132,932	20,842,052	-
Total Operating Expenses	<u>82,159,487</u>	<u>314,706</u>	<u>82,474,193</u>	<u>14,646,266</u>
<b>OPERATING INCOME (LOSS)</b>	20,533,241	143,375	20,676,616	(886,124)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	4,236,889	-	4,236,889	-
Miscellaneous Revenue	3,030,593	-	3,030,593	-
Gain (Loss) on Disposal of Assets	(165,398)	-	(165,398)	-
Interest and Fiscal Charges	(12,981,478)	-	(12,981,478)	-
Net Nonoperating Revenues (Expenses)	<u>(5,879,394)</u>	<u>-</u>	<u>(5,879,394)</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CAPITAL GRANTS, CAPITAL CONTRIBUTIONS, AND TRANSFERS</b>	14,653,847	143,375	14,797,222	(886,124)
Capital Grants	2,999,999	-	2,999,999	-
Capital Contributions	6,957,961	-	6,957,961	-
Transfers In	1,004,748	-	1,004,748	-
Transfers Out	-	(1,178,547)	(1,178,547)	(1,409,074)
<b>CHANGE IN NET POSITION</b>	25,616,555	(1,035,172)	24,581,383	(2,295,198)
Net Position - Beginning	302,573,378	6,432,488	309,005,866	10,107,094
<b>NET POSITION - END OF YEAR</b>	<u>\$ 328,189,933</u>	<u>\$ 5,397,316</u>	<u>\$ 333,587,249</u>	<u>\$ 7,811,896</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(1,173,161)	
Change in Net Position of Business-Type Activities			<u>\$ 23,408,222</u>	

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2025**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers, Users, and Others	\$ 102,120,460	\$ 530,197	\$ 102,650,657	\$ 13,817,022
Payments to Suppliers	(40,301,809)	(230,666)	(40,532,475)	(15,065,033)
Payments to Employees	(22,515,064)	-	(22,515,064)	-
Net Cash Provided (Used) by Operating Activities	39,303,587	299,531	39,603,118	(1,248,011)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments for Interfund Services Provided	-	(1,178,547)	(1,178,547)	(1,409,074)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets - Utility Plant	(75,585,162)	(29,556)	(75,614,718)	-
Proceeds from Bonds	64,572,200	-	64,572,200	-
Proceeds from Bond Premiums	2,915,807	-	2,915,807	-
Proceeds from Drinking Water Loans	6,973,801	-	6,973,801	-
Proceeds from Capital Grant	2,999,999	-	2,999,999	-
Principal Payments on Bonds	(23,568,192)	-	(23,568,192)	-
Principal Payments on Drinking Water Loans	(4,161,949)	-	(4,161,949)	-
Interest Payments on Bonds and Notes	(17,791,381)	-	(17,791,381)	-
Proceeds from General Fund	1,004,748	-	1,004,748	-
Proceeds on Sale of Assets	865,780	-	865,780	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(41,774,349)	(29,556)	(41,803,905)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	4,236,889	-	4,236,889	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,766,127	(908,572)	857,555	(2,657,085)
Cash and Cash Equivalents - Beginning of Year	123,968,012	1,866,542	125,834,554	17,687,486
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 125,734,139</b>	<b>\$ 957,970</b>	<b>\$ 126,692,109</b>	<b>\$ 15,030,401</b>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2025**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 20,533,241	\$ 143,375	\$ 20,676,616	\$ (886,124)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	20,709,120	132,932	20,842,052	-
Miscellaneous Nonoperating Revenue (Expense)	3,030,593	-	3,030,593	-
Changes in Assets, Deferred Outflows of Resources, and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(966,950)	72,116	(894,834)	56,880
Supplies	(193,092)	-	(193,092)	-
Other Assets	(1,000,000)	-	(1,000,000)	-
Prepaid Items	115,553	-	115,553	-
Deferred Outflows of Resources Related to Pensions	7,276,410	-	7,276,410	-
Deferred Outflows of Resources Related to OPEB	1,091,891	-	1,091,891	-
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses Due to Other Funds	6,472,869	(48,892)	6,423,977	2,856
Customer Advances for Construction	394,682	-	394,682	-
Compensated Absences	(740,004)	-	(740,004)	-
Net OPEB Liability	543,466	-	543,466	-
Net Pension Liability	(14,415,574)	-	(14,415,574)	-
Claims Payable	-	-	-	(421,623)
Deferred Inflows of Resources Related to Pensions	5,927,080	-	5,927,080	-
Deferred Inflows of Resources Related to OPEB	(9,475,698)	-	(9,475,698)	-
Total Adjustments	<u>18,770,346</u>	<u>156,156</u>	<u>18,926,502</u>	<u>(361,887)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 39,303,587</u>	<u>\$ 299,531</u>	<u>\$ 39,603,118</u>	<u>\$ (1,248,011)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Purchase of Capital Assets on Account	<u>\$ 9,594,089</u>	<u>\$ -</u>	<u>\$ 9,594,089</u>	<u>\$ -</u>
Capital Assets Contributed by Developers	<u>\$ 6,957,961</u>	<u>\$ -</u>	<u>\$ 6,957,961</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2025**

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,812,200
Accounts Receivable	163,954
Investments, at Fair Value:	
Mutual Funds	150,574,442
Guaranteed Investment Contracts	18,463,630
Commingled Collective Trusts	114,035,304
Real Estate	<u>28,365,563</u>
Total Assets	<u>314,415,093</u>
<b>NET POSITION</b>	
Restricted for Pension Benefits	299,784,120
Restricted for OPEB Benefits	<u>14,630,973</u>
Total Net Position	<u><u>\$ 314,415,093</u></u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2025**

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 19,272,207
Plan Members	<u>3,165,804</u>
Total Contributions	22,438,011
Investment Income:	
Net Change in Fair Value of Investments	42,263,036
Interest and Dividends	<u>2,970,471</u>
Total Investment Income	45,233,507
Less Investment Expenses:	
Investment Management Fees	<u>1,118,839</u>
Net Investment Income	<u>44,114,668</u>
Total Additions	66,552,679
<b>DEDUCTIONS:</b>	
Benefits	33,315,328
Administrative Expense	<u>89,356</u>
Total Deductions	<u>33,404,684</u>
<b>CHANGE IN NET POSITION</b>	33,147,995
Net Position - Beginning of Year	<u>281,267,098</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 314,415,093</u></u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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, 2025**

**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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

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

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

The District reports the following major governmental funds:

**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. The Clean Water Project, has evolved through multiple Long-Term Control Plan (LTCP) updates to incorporate a more flexible and affordable Integrated Plan approach, extending the timeline to at least 40 years. This Integrated Plan, launched under a new consent order in 2022, aligns capital improvements with regulatory compliance, replaces the North Tunnel with modified solutions, and balances capital and the District maintenance priorities while continuing to utilize the Clean Water Project Charge for funding.

**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 METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 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.

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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

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

**Pension and Other Employee Benefit Trust Funds (Continued)**

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C. Cash Equivalents**

For purposes of reporting cash flows, all savings, checking, money market accounts, (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, Prepaid Items, and Other Assets**

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.

Other assets represent funds set aside for rate stabilization.

**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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that 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 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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Balance**

The classifications of fund balances are described as follows:

*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.

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in the component of net position.

*Restricted Net Position* – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

*Unrestricted Net Position* – Is the amount of net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2025, 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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

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.

**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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

**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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$9,228,391 of the District's bank balance of \$9,707,377 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	8,280,552
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Name		947,839
Total Amount Subject to Custodial Credit Risk	\$	9,228,391

**2. Cash Equivalents**

At December 31, 2025, the District's cash equivalents amounted to \$226,882,273. 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, 2025**

**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, 2025:

	December 31, 2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at Fair Value Level:				
Mutual Funds	\$ 150,574,442	\$ 150,574,442	\$ -	\$ -
Guaranteed Investment Contracts	18,463,630	4,401,846	-	14,061,784
Total Investments at Fair Value Level	169,038,072	<u>\$ 154,976,288</u>	<u>\$ -</u>	<u>\$ 14,061,784</u>
Investments Measured at Net Asset Value (NAV):				
Commingled Collective Trusts	114,035,304			
Timberland Investments	12,029,496			
Madison Realty	5,127,081			
Intercontinental U.S. REIF	11,208,986			
Total Investments Measured at NAV	142,400,867			
Total Investments Measured at Fair Value	<u>\$ 311,438,939</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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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	\$ 114,035,304	\$ -	Up to Monthly	Up to 10 Days
Timberland Investments	12,029,496	549,776	Hold to Maturity	Hold to Maturity (15 to 18 Years Total)
Madison Realty	5,127,081	1,192,547	Hold to Maturity	Hold to Maturity (6 to 9 Years Total)
Intercontinental U.S. REIF	11,208,986	-	Quarterly	30-60 days
Total Investments Measured at NAV	<u>\$ 142,400,867</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, 2025. 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, 2025**

**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, 2025, 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% of the Plan's net position as of December 31, 2025:

	<u>Amount</u>
Pension Fund:	
Aetna Guaranteed Investment Contracts -	
Fixed Income	\$ 18,463,630
RhumbLine Mid-Cap Index Fund Pooled Trust	33,220,262
Hardman Johnston International Equity	
Group Trust	43,445,922
Conning Goodwin Capital Core Plus	37,369,120

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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	\$ 14,749,742	\$ 12,291,807	\$ -	\$ 3,153,563	\$ 10,691	\$ -	\$ 30,205,803
Customers and Employees	27,409,849	406,873	-	12,222,946	-	-	40,039,668
Assessments	109,031	-	1,813,248	780,138	-	-	2,702,417
Accrued Interest	1,371	-	314,759	142,064	-	-	458,194
Intergovernmental	-	70,382,926	828,388	4,058,364	-	-	75,269,678
Other	1,157,400	-	-	-	-	163,954	1,321,354
Gross Receivables	43,427,393	83,081,606	2,956,395	20,357,075	10,691	163,954	149,997,114
Less: Allowance for Uncollectibles	34,560,606	1,513,968	-	1,774,666	-	-	37,849,240
Net Total Receivables	<u>\$ 8,866,787</u>	<u>\$ 81,567,638</u>	<u>\$ 2,956,395</u>	<u>\$ 18,582,409</u>	<u>\$ 10,691</u>	<u>\$ 163,954</u>	<u>\$ 112,147,874</u>

**C. Interfund Transfers**

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2025, were as follows:

	Transfers In				Total Transfers Out
	General Fund	Debt Service Fund	Clean Water Project	Water Fund	
Transfers Out:					
General Fund	\$ -	\$ 41,636,908	\$ 473,900	\$ -	\$ 42,110,808
Clean Water Fund		60,801,783	-	-	60,801,783
Hydroelectric Development Plan	1,178,547	-	-	-	1,178,547
Internal Service Fund	404,326	-	-	1,004,748	1,409,074
Total Transfers In	<u>\$ 1,582,873</u>	<u>\$ 102,438,691</u>	<u>\$ 473,900</u>	<u>\$ 1,004,748</u>	<u>\$ 105,500,212</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 14,487,430	\$ -	\$ -	\$ 14,487,430
Construction in Progress	1,095,846,454	157,973,634	79,039,378	1,174,780,710
Total Capital Assets Not Being Depreciated	1,110,333,884	157,973,634	79,039,378	1,189,268,140
Capital Assets Being Depreciated:				
Buildings	496,434,092	2,496,562	-	498,930,654
Machinery and Equipment	86,144,817	5,395,068	846,674	90,693,211
Infrastructure	1,159,087,152	71,314,521	28,297	1,230,373,376
Total Capital Assets Being Depreciated	1,741,666,061	79,206,151	874,971	1,819,997,241
Less Accumulated Depreciation for:				
Buildings	245,081,301	15,382,745	-	260,464,046
Machinery and Equipment	35,850,674	5,219,676	793,137	40,277,213
Infrastructure	254,730,074	16,626,342	6,406	271,350,010
Total Accumulated Depreciation	535,662,049	37,228,763	799,543	572,091,269
Total Capital Assets Being Depreciated, Net	1,206,004,012	41,977,388	75,428	1,247,905,972
Governmental Activities Capital Assets, Net	<u>\$ 2,316,337,896</u>	<u>\$ 199,951,022</u>	<u>\$ 79,114,806</u>	<u>\$ 2,437,174,112</u>
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 10,847,885	\$ -	\$ -	\$ 10,847,885
Construction in Progress	169,437,603	73,863,031	29,333,784	213,966,850
Total Capital Assets Not Being Depreciated	180,285,488	73,863,031	29,333,784	224,814,735
Capital Assets Being Depreciated:				
Buildings	179,585,269	11,781	-	179,597,050
Machinery and Equipment	57,657,164	2,795,950	672,103	59,781,011
Infrastructure	649,571,239	25,641,612	1,225,416	673,987,435
Total Capital Assets Being Depreciated	886,813,672	28,449,343	1,897,519	913,365,496
Less Accumulated Depreciation for:				
Buildings	81,285,320	4,196,961	-	85,482,281
Machinery and Equipment	21,252,357	3,736,421	617,911	24,370,867
Infrastructure	187,746,235	12,908,670	248,430	200,406,475
Total Accumulated Depreciation	290,283,912	20,842,052	866,341	310,259,623
Total Capital Assets Being Depreciated, Net	596,529,760	7,607,291	1,031,178	603,105,873
Business-Type Activities Capital Assets, Net	<u>\$ 776,815,248</u>	<u>\$ 81,470,322</u>	<u>\$ 30,364,962</u>	<u>\$ 827,920,608</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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	\$ 2,048,046
Operations	13,062,839
Plant and Maintenance	<u>22,117,878</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 37,228,763</u>
Business-Type Activities:	
Water	\$ 20,709,120
Hydroelectricity	<u>132,932</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 20,842,052</u>

DRAFT

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

Construction Commitments

The District has active construction projects as of December 31, 2025. At year-end, the District's commitments with contractors for governmental activities are as follows:

Project Name	Remaining Commitment
2018 WPC Plant Infrastructure Renewal and Replacement	\$ 349,804
2018 General Purpose Sewer	98,882
2020 Levee Protection System, East Hartford and Hartford	180,252
2022 Hartford Hospital Area Water Main Replacement – Sewer Work	94,592
2023 General Purpose Sewer	748,771
WPC Facilities Infrastructure Rehab	475,666
Rocky Hill WPC Facility Pre & Elec. Upgrades	8,380,648
HWPCF - CEMS Room/Incenerator Upgrades	1,110,296
FY24 - Paving Program	331,251
Sanitary Sewer Easement Program	1,401,871
FY25 - Paving Program & Restoration	1,517,382
Chadwick Goodwin, Deerfield Hammer and F	2,090,466
General Purpose Sewer	1,909,136
WW Pump Station & Force Main Improvement	655,521
Sanitary Sewer Easement Improvements Program	2,350,000
2015 SHCST Pump Station - Clean Water II	10,322,518
West Hartford SSES	20,682,994
2023 Various Sewer Pipe Replacements/Rehabilitation	95,704
2023 Large Diameter Sewer Rehabilitation	3,865,295
SLR - N Branch Park River Drainage Area	1,821,026
SLR - Gully Brook Drainage Area	17,243,691
SLR - N Meadows Drainage Area (NM 5/6/7)	11,767,233
2023 Sewer and Lateral Rehabilitation in North Meadows Drainage Area (NM2/3/4)	150,230
2023 Expedited Sewer Separation in North Hartford	2,760,055
2023 Backwater Valve Program and Private Property Inflow Disconnections in North Hartford	981,798
Lateral Rpr/Replace/Rehab- District Wide	314,643
SHCSP - District-wide	117,853
SHCSP - North Hartford	122,295
Various Sewer Pipe Replacement/Rehabilitation	105,541
North Hartford Expedited Separation Program	91,242
Various Sewer Pipe Replacement/Rehabilitation	5,097,189
Sewer Backup Prevention Program - District Wide	456,965
I-4 (N-30)	160,017
Sanitary Sewer Easement Improvements Program	1,324,250
Total	<u>\$ 99,175,077</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 follows:

Project Name	Remaining Commitment
2015 Water Supply Improvements	\$ 135,702
2019 Water Treatment Facilities Infrastructure Rehabilitation, Upgrades & Replacem	95,365
WTP Infrastructure Rehab, Upgrades, Rep	91,720
Farmington 11 / Sisson Ave. Area WMR	1,807,999
Capitol Ave. Area Water Main Replacement	933,768
2022 Hartford Hospital Area Water Main Replacement	400,367
WTP Infrastructure Rehabilitation	357,171
East Hartford Water Main Replacements	891,931
Levee Penetration Improvement	90,577
Farmington 11/Sisson Area Water Main Rep	2,360,707
Districtwide - Water Main Replacement Program	297,509
Hartford Water Main Replacements	2,453,268
Water Supply Infrastructure Rehab. & Replacements	222,471
Paving Program & Restoration	464,544
FY25 - Paving Program & Restoration	3,145,965
General Purpose Water	1,051,069
District Wide Water Main Replacement Program	2,591,289
Glastonbury Water Main Replacements	302,490
Silas Deane Highway Water Main Replacement	3,691,793
Total	<u>\$ 21,385,704</u>

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 362,245,825	\$ 31,587,800	\$ 23,861,808	\$ 369,971,817	\$ 25,196,310
Revenue Bonds	321,280,000	46,815,000	14,250,000	353,845,000	18,530,000
Premiums	63,173,418	4,911,934	8,177,717	59,907,635	-
Total Bonds Payable	746,699,243	83,314,734	46,289,525	783,724,452	43,726,310
Clean Water Fund Loans	442,720,205	72,710,636	30,011,809	485,419,032	129,188,970
Compensated Absences, Net Change	7,172,000	524,640	-	7,696,640	2,651,105
Net Pension Liability	32,361,493	-	10,490,762	21,870,731	-
Net OPEB Liability	54,603,837	1,117,531	-	55,721,368	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,283,556,778</u>	<u>\$ 157,667,541</u>	<u>\$ 86,792,096</u>	<u>\$ 1,354,432,223</u>	<u>\$ 175,566,385</u>
<b>Business-Type Activities:</b>					
General Obligation Bonds	\$ 359,429,175	\$ 64,572,200	\$ 23,568,192	\$ 400,433,183	\$ 25,843,090
Premiums	38,149,607	2,915,807	4,699,958	36,365,456	-
Total Bonds Payable	397,578,782	67,488,007	28,268,150	436,798,639	25,843,090
Drinking Water Fund Loans	61,931,979	6,973,801	4,161,949	64,743,831	18,781,206
Compensated Absences, Net Change	8,762,617	-	740,004	8,022,613	3,183,080
Claims and Judgments	7,417,323	16,055,340	16,476,963	6,995,700	1,302,788
Net Pension Liability	43,315,535	-	14,415,574	28,899,961	-
Net OPEB Liability	73,086,692	543,466	-	73,630,158	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 592,092,928</u>	<u>\$ 91,060,614</u>	<u>\$ 64,062,640</u>	<u>\$ 619,090,902</u>	<u>\$ 49,110,164</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:

Purpose	Interest Rates	Amount
Governmental Activities	Various	\$ 369,971,817
Business-Type Activities	Various	400,433,183
Total		<u>\$ 770,405,000</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 12/31/2025
2015 GO Series A Sewer	3/19/2015	33,973,310	2.85	2035	\$ 17,029,924
2015 GO Series B Sewer	11/3/2015	5,097,470	2.66	2035	2,548,000
2016 GO Series A Sewer	2/18/2016	17,431,020	2.30	2036	9,589,250
2016 Refunding B Sewer	4/28/2016	18,301,300	1.64	2028	4,329,430
2016 GO Series C Sewer	12/1/2016	67,900,630	3.86	2034	35,954,100
2018 GO Series A Sewer	7/31/2018	62,591,950	3.31	2038	40,684,485
2019 GO Series A Sewer	8/8/2019	38,395,250	2.55	2039	26,874,560
2019 Refunding B Sewer	8/8/2019	26,533,410	2.05	2035	15,851,540
2019 Refunding C Sewer	8/8/2019	32,070,000	2.74	2040	25,830,000
2021 GO Series A Sewer	8/31/2021	74,356,690	2.00	2041	64,155,200
2021 Refunding B Sewer	8/31/2021	6,183,180	1.24	2033	4,218,420
2022 GO Series A Sewer	8/30/2022	43,118,950	5.00	2042	38,860,550
2023 GO Series A Sewer	8/10/2023	35,306,400	3.39	2043	33,075,720
2024 GO Series A Sewer	8/22/2024	11,780,170	3.39	2044	11,385,440
2024 Refunding B Sewer	8/22/2024	8,883,913	2.52	2034	7,997,398
2025 GO Series A Sewer	9/18/2025	31,587,800	3.82	2045	31,587,800
Total General Obligation Bonds					369,971,817
2020 Revenue Refunding A Sewer	8/25/2020	55,010,000	2.48	2045	38,335,000
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	47,090,000
2021 Revenue Refunding B Sewer	11/3/2021	135,410,000	2.61	2042	113,520,000
2024 Revenue Bonds A Sewer	10/8/2024	37,380,000	3.35	2044	36,175,000
2025 Revenue Bonds A Sewer	11/6/2025	46,815,000	3.43	2045	46,815,000
Total Revenue Bonds					353,845,000
Total					\$ 723,816,817

Business-Type Activities					
Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2025
2015 GO Series A Water	3/19/2015	32,766,691	2.85	2035	\$ 16,425,077
2015 GO Series B Water	11/3/2015	31,117,530	2.66	2035	15,552,000
2016 GO Series A Water	2/18/2016	15,593,980	2.30	2036	8,560,750
2016 Refunding B Water	4/28/2016	29,733,700	1.64	2028	7,035,570
2016 GO Series C Water	12/1/2016	40,414,370	3.86	2034	21,375,900
2018 GO Series A Water	7/31/2018	48,178,050	3.31	2038	31,315,514
2019 GO Series A Water	8/8/2019	38,104,750	2.55	2039	26,675,440
2019 Refunding B Water	8/8/2019	22,771,590	2.05	2035	13,603,460
2021 GO Series A Water	8/31/2021	56,453,310	2.00	2041	48,709,800
2021 Refunding B Water	8/31/2021	9,051,820	1.24	2033	6,176,580
2022 GO Series A Water	8/30/2022	31,261,050	5.00	2042	28,174,450
2023 GO Series A Water	8/10/2023	40,423,600	3.39	2043	37,869,280
2024 GO Series A Water	8/22/2024	65,404,830	3.39	2044	63,214,560
2024 Refunding B Water	8/22/2024	12,411,087	2.52	2034	11,172,602
2025 GO Series A Water	9/18/2025	64,572,200	3.82	2045	64,572,200
Total					\$ 400,433,183

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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
2026	\$ 25,196,310	\$ 16,420,320	\$ 25,843,090	\$ 17,387,952
2027	25,464,773	15,327,245	26,095,227	16,339,886
2028	25,826,866	14,155,681	26,483,134	15,192,900
2029	24,893,999	12,983,524	24,701,001	14,035,501
2030	25,304,945	11,862,562	25,170,055	12,937,676
2031-2035	121,584,235	41,773,278	123,335,765	47,357,344
2036-2040	88,534,019	18,015,710	92,000,981	23,210,796
2040-2044	33,166,670	3,002,755	56,803,930	5,810,989
Total	<u>\$ 369,971,817</u>	<u>\$ 133,541,075</u>	<u>\$ 400,433,183</u>	<u>\$ 152,273,044</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at December 31, 2025, is \$663,644,520. 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, 2025, the District reported unspent bond proceeds of \$24,016,680 and \$42,984,802 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 monies held in or set aside in the Trust Estate. The revenue bonds are not a general obligation of the District. Revenue bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	Various	<u>\$ 353,845,000</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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>
2026	\$ 18,530,000	\$ 11,928,466
2027	18,955,000	11,470,806
2028	19,420,000	10,780,374
2029	20,090,000	10,053,381
2030	20,740,000	9,286,279
2031-2035	109,415,000	34,354,452
2036-2040	99,230,000	17,518,243
2041-2045	47,465,000	4,400,705
Total	<u>\$ 353,845,000</u>	<u>\$ 109,792,706</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, 2025**

**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 12/31/2025
CSL142	9/4/08	\$ 6,200,000	2.00 %	\$ 671,667
CSL149	3/31/09	12,710,000	2.00	1,747,625
CWF160C	12/27/07	1,888,557	2.00	141,641
166-CSL1	3/31/12	21,907,709	2.00	5,624,952
214-CSL	12/30/15	14,198,442	2.00	6,744,260
CWF508C	4/30/08	1,232,078	2.00	112,940
CWF520C	3/31/09	4,547,580	2.00	625,292
CWF521C	9/30/08	4,240,340	2.00	477,038
CWF578C	12/19/08	2,042,741	2.00	157,345
578-CD1	1/31/11	2,619,263	2.00	654,816
619-D1	3/31/12	12,600,000	2.00	3,235,135
626-C	1/29/13	22,160,848	2.00	6,740,592
652-C	1/31/16	25,528,771	2.00	12,870,755
652-C1	1/31/17	27,234,976	2.00	15,092,715
657-C	7/31/16	33,352,916	2.00	17,649,251
657-C1	7/31/17	40,852,371	2.00	23,660,332
692-C	1/31/18	46,785,354	2.00	28,266,151
657-C2	7/31/18	52,655,657	2.00	33,129,185
CWF 215-C	11/30/18	10,306,693	2.00	6,656,406
CWF 692-C1	1/31/19	31,761,844	2.00	20,777,539
CWF 652-C2	4/30/19	21,862,088	2.00	13,875,937
CWF 657-C3	6/30/19	17,782,244	2.00	11,558,459
CWF 697-DC (CIP)	2/28/20	15,019,750	2.00	9,825,420
CWF 692-C2	4/30/20	33,394,334	2.00	23,198,719
CWF 691-C	5/31/20	190,810	2.00	136,176
CWF 221-CSL	7/31/20	2,091,106	2.00	1,510,243
CWF 692-C3	1/31/21	17,875,420	2.00	13,481,046
CWF 657-C4	6/30/21	5,408,501	2.00	3,783,578
CWF 219-CSL	6/30/21	27,333,273	2.00	21,025,595
CWF 692-C4	5/31/22	24,949,781	2.00	20,479,611
CWF 683-D	3/31/23	730,606	2.00	627,571
CWF 719-C1	4/30/24	11,782,455	2.00	10,775,408
CWF 728-C	4/30/24	24,779,366	2.00	22,714,419
CWF 728-C1	4/30/25	21,220,940	2.00	20,513,576
CWF 4001-C	10/31/25	903,276	2.00	895,557
Total Permanent Loan Obligations				359,436,952
CWF #692-C	Various	12,777,943		46,759,481
CWF #729-C	Various	25,832,376		24,539,750
CWF 4001-C	Various	903,276		-
CWF 764-C	Various	3,405,627		4,016,928
CWF 4002-C	Various	25,686,051		9,146,833
CWF #746-C	Various	3,976,254		6,113,796
CWF 4003-C	Various	7,727,466		5,638,683
CWF 4004-C	Various	8,011,543		2,280,958
CWF #698-C	Various	11,356,982		12,737,313
CWF #728-C	Various	18,543,867		14,748,338
Total Interim Loan Obligations				125,982,080
Total				\$ 485,419,032

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 12/31/2025
DWSRF 2010 8008	8/31/11	\$ 2,579,412	2.00 %	\$ 601,862
DWSRF 2010 8009	2/29/12	772,079	2.00	180,151
DWSRF 2010 8009-1	1/29/13	193,644	2.00	51,394
DWSRF 2013-7012	7/15/14	2,780,620	2.00	1,054,318
DWSRF 2013-7013	6/1/15	2,713,243	2.00	1,125,995
DWSRF 2013-7014	9/30/15	4,691,464	2.00	2,169,802
DWSRF 2013-7015	5/31/16	5,635,824	2.00	2,583,704
DWSRF 2013-7017	6/30/15	2,013,468	2.00	872,503
DWSRF 2013-7018	9/30/14	398,083	2.00	154,257
DWSRF 2013-7019	6/30/15	1,539,774	2.00	654,405
DWSRF 2014-7021	4/30/16	3,809,525	2.00	1,682,540
DWSRF 2014-7026	3/31/15	1,691,379	2.00	739,978
DWSRF 2014-7029	3/31/16	3,173,899	2.00	1,415,513
DWSRF 2014-7030	7/31/16	1,892,813	2.00	906,973
DWSRF 2014-7031	5/31/16	3,626,881	2.00	1,662,718
DWSRF 2014-7032	12/31/16	3,162,716	2.00	1,703,001
DWSRF 2014-7033	8/31/16	1,501,320	2.00	763,829
DWSRF 2016-7035	8/31/16	2,203,262	2.00	1,120,958
DWSRF 2016-7042	8/31/16	825,335	2.00	419,908
DWSRF 2016-7043	2/28/17	1,129,379	2.00	615,151
DWSRF 2016-7044	4/30/17	2,754,227	2.00	1,491,873
DWSRF 2016-7045	7/31/17	2,445,859	2.00	1,355,413
DWSRF 2016-7047	2/28/17	3,004,951	2.00	1,636,739
DWSRF 2016-7046	6/29/18	3,051,182	2.00	1,830,709
DWSRF 2018-7061	3/30/19	1,892,634	2.00	1,237,491
DWSRF 2017-7055	4/30/19	1,691,022	2.00	1,112,895
DWSRF 2018-7062	7/31/19	1,814,906	2.00	1,217,693
DWSRF 2019-7074	8/31/20	2,046,805	2.00	1,486,995
DWSRF 2020-7086	1/31/21	1,334,309	2.00	1,003,535
DWSRF 2020-7088	1/31/22	2,274,924	2.00	1,817,995
DWSRF 2021-7092	3/31/23	3,071,879	2.00	2,638,665
DWSRF 2021-7093	4/30/23	5,642,975	2.00	4,871,286
DWSRF 2023-7110	5/31/24	903,276	2.00	1,651,225
DWSRF 2023-5001	9/30/24	340,134	2.00	318,330
DWSRF 2022-7102	10/31/24	2,433,215	2.00	2,287,636
DWSRF 2023-7121	2/28/25	605,154	2.00	579,293
Total Permanent Loan Obligations				47,016,733
DWSRF#2023-7118	Various	3,642,485		5,314,392
DWSRF#2023-7123	Various	1,740,299		2,893,330
DWSRF#2023-7120	Various	3,556,937		4,047,429
DWSRF#2023-7121	Various	574,057		-
DWSRF#2024-7131	Various	211,453		2,358,939
DWSRF#2024-7137	Various	1,999,149		819,471
DWSRF#2024-7138	Various	6,541,868		2,293,537
Total Interim Loan Obligations				17,727,098
Total				<u>\$ 64,743,831</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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>
2026	\$ 30,404,093	\$ 6,910,035
2027	30,294,162	6,302,377
2028	29,510,098	5,701,819
2029	28,758,268	5,120,955
2030	28,291,947	4,546,566
2031-2035	129,115,321	14,806,680
2036-2040	70,515,265	3,913,536
2040-2044	12,547,798	430,811
Total	<u>\$ 359,436,952</u>	<u>\$ 47,732,779</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,167,120	\$ 902,727
2027	4,167,120	819,476
2028	4,167,120	736,226
2029	4,167,120	652,975
2030	4,107,591	569,878
2031-2035	18,024,288	1,672,715
2036-2040	6,486,892	453,078
2040-2044	1,729,482	44,109
Total	<u>\$ 47,016,733</u>	<u>\$ 5,851,184</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>
2026	\$ 98,784,877	\$ 3,279,500
2027	6,113,797	117,203
2028	21,083,406	71,298
Total	<u>\$ 125,982,080</u>	<u>\$ 3,468,001</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 14,614,086	\$ 244,232
2027	819,471	1,423
2028	2,293,541	1,043
Total	<u>\$ 17,727,098</u>	<u>\$ 246,698</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 September 18, 2025, the District issued \$96,160,000 in General Obligation Bonds, Issue of 2025, with a True Interest Cost (TIC) of 3.82%. The net proceeds were \$100,279,303 (after payment of the Underwriter’s Discount of \$222,320).

Revenue Bonds – New Issuances

On November 6, 2025, the District issued \$46,815,000 in Clean Water Project Revenue Bonds, Series 2025 with a True Interest Cost (TIC) of 3.43%. The net proceeds were \$50,216,452 (after payment of the Underwriter’s Discount of \$84,666).

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
\$ 1,573,325,243	\$ 849,290,808	\$ 724,034,435

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Fund Balance**

The components of fund balance for the governmental funds at December 31, 2025, are as follows:

	General Fund	Debt Service	Clean Water Project	Capital Projects	Total
Fund Balances:					
Nonspendable:					
Prepays	\$ 715,791	\$ -	\$ -	\$ -	\$ 715,791
Supplies	5,790,000	-	-	-	5,790,000
Restricted for:					
Capital Projects	-	-	4,359,822	24,016,680	28,376,502
Committed to:					
Capital Projects	-	-	56,755,772	17,029,584	73,785,356
Debt Service	-	1,048,455	-	-	1,048,455
Assigned to:					
Tax Levy Stabilization	1,000,000	-	-	-	1,000,000
Unassigned	33,138,832	-	-	-	33,138,832
Total Fund Balances	<u>\$ 40,644,623</u>	<u>\$ 1,048,455</u>	<u>\$ 61,115,594</u>	<u>\$ 41,046,264</u>	<u>\$ 143,854,936</u>

There were no outstanding encumbrances at December 31, 2025.

**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 12 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, 2025, membership consisted of:

Retirees, Disabled, and Beneficiaries	
Currently Receiving Benefits	633
Terminated Members Entitled to But Not Yet Receiving Benefits	73
Current Active Members	<u>430</u>
Total Members	<u><u>1,136</u></u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**A. Plan Description and Benefits Provided (Continued)**

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

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

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

Basis of Accounting

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

Valuation of Investments

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

**C. Funding Policy**

Employees 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 METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**D. Investments (Continued)**

Investment Policy (Continued)

The following was the Board's adopted asset allocation policy as of December 31, 2025.

Asset Class	Target Allocation
US Equity - Large Cap	30.00 %
US Equity - Small/Mid Cap	20.00
Non-US Equity - Developed	12.50
US Corporate Bonds - Core	22.50
Real Estate (REITS)	10.00
Commodities	5.00

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net Pension Liability of the District**

The components of the net pension liability of the District at December 31, 2025 were as follows:

Total Pension Liability	\$ 350,554,812
Plan Fiduciary Net Position	299,784,120
Net Pension Liability	<u>\$ 50,770,692</u>

Plan Fiduciary Net Position as a Percentage	
Percentage of the Total Pension Liability	85.52%

The net pension liability is recorded in the Water Utility Fund (Proprietary Fund), and the Governmental Activities of the District.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**E. Net Pension Liability of the District (Continued)**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.41%
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 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, 2025, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
US Equity - Large Cap	5.74 %
US Equity - Small/Mid Cap	6.78
Non-US Equity - Developed	6.40
US Corporate Bonds - Core	2.80
Real Estate (REITS)	5.06
Commodities	3.87

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, 2025**

**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, 2025	\$ 343,348,829	\$ 267,671,801	\$ 75,677,028
Changes for the Year:			
Service Cost	5,724,335	-	5,724,335
Interest on Total Pension Liability	22,382,387	-	22,382,387
Differences Between Expected and Actual Experience	1,916,773	-	1,916,773
Changes in Assumptions	-	-	-
Employer Contributions	-	9,841,197	(9,841,197)
Member Contributions	-	3,165,804	(3,165,804)
Net Investment Gain (Loss)	-	41,994,674	(41,994,674)
Benefit Payments, Including Refund of Employee Contributions	(22,817,512)	(22,817,512)	-
Administrative Expenses	-	(71,844)	71,844
Net Changes	7,205,983	32,112,319	(24,906,336)
Balances - December 31, 2025	<u>\$ 350,554,812</u>	<u>\$ 299,784,120</u>	<u>\$ 50,770,692</u>

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

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

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
District's Net Pension Liability	\$ 89,245,833	\$ 50,770,692	\$ 18,112,337

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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, 2025, the District recognized pension expense of \$8,098,192, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$4,609,696 and \$3,488,496, respectively. At December 31, 2025, 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	\$ -	\$ 5,087,077
Changes of Assumptions	132,556	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,754,002	11,460,547
Total	\$ 33,886,558	\$ 16,547,624

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
2026	\$ 3,083,761
2027	(8,700,121)
2028	(7,094,810)
2029	(4,627,764)
2030	-
Total	\$ (17,338,934)

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

The District 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 Empower, who acts as the Record Keeper and Administrator. District employees currently have in excess of \$80 million in assets which grow on a tax-deferred basis. The 457(b) plan allows employees to defer a portion of their salary into either a traditional (pre-tax) or Roth (after-tax) account. Participants can diversify their investments in more than 12 investment vehicles across a range of investment alternatives. Dahab Associates of Bayshore, New York serves as a 3(21) fiduciary investment advisor on the Plan.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 Internal Revenue Code (IRC) 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 IRC. As of December 31, 2025, 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
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,631,750	\$ 180,450	\$ 2,812,200
Accounts Receivable	63,138	100,816	163,954
Investments, at Fair Value:			
Mutual Funds	136,224,735	14,349,707	150,574,442
Guaranteed Investment Contracts	18,463,630	-	18,463,630
Commingled Collective Trusts	114,035,304	-	114,035,304
Real Estate	28,365,563	-	28,365,563
Total Assets	<u>299,784,120</u>	<u>14,630,973</u>	<u>314,415,093</u>
<b>NET POSITION</b>			
Restricted for Pension and OPEB Benefits	<u>\$ 299,784,120</u>	<u>\$ 14,630,973</u>	<u>\$ 314,415,093</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

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

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 9,841,197	\$ 9,431,010	\$ 19,272,207
Plan Members	3,165,804	-	3,165,804
Total Contributions	<u>13,007,001</u>	<u>9,431,010</u>	<u>22,438,011</u>
Investment Earnings:			
Net Change in Fair Value of Investments	40,395,609	1,867,427	42,263,036
Interest and Dividends	2,712,357	258,114	2,970,471
Total Investment Earnings	<u>43,107,966</u>	<u>2,125,541</u>	<u>45,233,507</u>
Less Investment Expenses:			
Investment Management Fees	1,113,292	5,547	1,118,839
Net Investment Earnings	<u>41,994,674</u>	<u>2,119,994</u>	<u>44,114,668</u>
Total Additions	55,001,675	11,551,004	66,552,679
<b>DEDUCTIONS</b>			
Benefits	22,817,512	10,497,816	33,315,328
Administrative Expense	71,844	17,512	89,356
Total Deductions	<u>22,889,356</u>	<u>10,515,328</u>	<u>33,404,684</u>
<b>CHANGE IN NET POSITION</b>	32,112,319	1,035,676	33,147,995
Net Position - Beginning of Year	<u>267,671,801</u>	<u>13,595,297</u>	<u>281,267,098</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 299,784,120</u>	<u>\$ 14,630,973</u>	<u>\$ 314,415,093</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, 2025**

**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 12 members.

Expenses for postemployment benefits were paid out of the OPEB trust fund during the fiscal year ended December 31, 2025. The plan does not issue a stand-alone financial report.

At January 1, 2025, plan membership consisted of the following:

	Retiree Health Plan
Retired Members	331
Spouses of Retired Members	338
Active Plan Members	409
Total Participants	1,078

**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;
- (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.

The district funds OPEB (Other Postretirement Benefits) without requiring employee contributions. An OPEB Trust was established in March of 2021, and the OPEB full actuarially determined employer contribution has been made each year. 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.

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. Reimbursement costs are covered by OPEB funds.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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. 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, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.44%. 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, 2025. The components of the net OPEB liability of the District at December 31, 2025 were as follows:

Total OPEB Liability	\$ 143,982,499
Plan Fiduciary Net Position	14,630,973
Net OPEB Liability	<u>\$ 129,351,526</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.16%
--	--------

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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, 2025, 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	6.30% (6.00% for Post-65) – 4.30% over 66 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, 2025, 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
US REITs	10	4.50

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, 2025**

**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, 2025	\$ 141,285,826	\$ 13,595,297	\$ 127,690,529
Changes for the Year:			
Service Cost	1,867,130	-	1,867,130
Interest on Total OPEB Liability	9,141,720	-	9,141,720
Differences Between Expected and Actual Experience	2,185,639	1,219,306	966,333
Employer Contributions	-	9,431,010	(9,431,010)
Net Investment Gain (Loss)	-	900,688	(900,688)
Benefit Payments, Including Refund of Employee Contributions	(10,497,816)	(10,497,816)	-
Administrative Expenses	-	(17,512)	17,512
Net Changes	2,696,673	1,035,676	1,660,997
Balances - December 31, 2025	<u>\$ 143,982,499</u>	<u>\$ 14,630,973</u>	<u>\$ 129,351,526</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	\$ 147,667,162	\$ 129,351,526	\$ 114,202,860

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 6.30% - 4.30% over 66 years:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 109,559,868	\$ 129,351,526	\$ 153,621,196

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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, 2025, the District recognized OPEB revenue of \$3,510,382, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$1,998,198 and \$1,512,184, respectively. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of Assumptions	\$ 10,238,245	\$ 3,855,665
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	2,062,763	254,710
Total	\$ 12,301,008	\$ 4,110,375

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

Year Ending December 31,	Amount
2026	\$ (8,181,155)
2027	(28,131)
2028	41,496
2029	(22,843)
Total	\$ (8,190,633)

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 execution of the Clean Water Project. The project is in response to an Environmental Protection Agency (“EPA”) Sanitary Sewer Overflows (“SSO”) federal consent decree and a Connecticut DEEP Combined Sewer Overflows (“CSO”) consent order to achieve Federal Clean Water Act goals. The project is set forth in a Long-Term Control Plan (the “LTCP”), which is periodically revised and is subject to approval by DEEP. The District’s goal is to achieve compliance through efficient improvements to its system, maximizing funding of the project with State and Federal grants and the use of State and Federal low-cost 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 and 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 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”) and connecting 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 resubmittal as approved in 2015 set out a completion of the project by 2029.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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. Minor consent order modifications were signed in January 2025 which incorporated additional project schedule updates.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 appropriations funded by Federal or State grants. An \$800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for the Clean Water Project was approved at 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. Appropriations of \$18.8 million and \$67.4 million for grants not requiring a referendum were approved by the District Board on September 2, 2020 and April 26, 2023, respectively. 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, 2025**

**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.. 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. 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.

The District has issued, to date, \$416,710,000 in Clean Water Project Revenue Bonds, \$353,845,000 of which were outstanding as of December 31, 2025. 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, 2025**

**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. Anthem Blue Cross and Blue Shield administers 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 \$6,995,700 for the self-insurance fund reported at December 31, 2025, 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
2024	\$ 6,694,214	\$ 20,758,860	\$ 20,035,751	\$ 7,417,323
2025	7,417,323	16,055,340	16,476,963	6,995,700

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**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 District is a defendant in various lawsuits arising in the normal course of operations. These lawsuits include, but are not limited to, personal injury claims, contract disputes, and employment-related matters. While the outcome of these matters cannot be determined at this time, it is the opinion of management, based upon consultation with legal counsel, that the resolution of these matters will not have a material adverse effect on the financial statements of the District, except as noted below.

A subrogation claim, that valued at approximately \$620,000 stems from an incident on November 15, 2022, involving a ruptured fire service line during site work by a subcontractor or OR&L Construction at 339 Main Street, East Hartford. Water damage affected the Carriage Park condominium complex. MDC is a defendant name in Travelers v MDC, OR&L Construction, Inc. and Mizzy Construction, Inc. and in a complaint filed by Mizzy. MDC denies liability.

A lawsuit involving an employee, that valued at approximately \$758,000 stems from an incident where the employee suffered an unknown medical emergency and rear-ended a parked vehicle. The injured individual in the parked vehicle incurred \$285k in medical expenses and \$78k in indemnity payments from State of CT workers compensation fund, which has a lien that it will not compromise. We recently received plaintiffs' disclosure of a life care plan with estimated lifetime medical expenses of \$758,000. The District's self-insured retention is \$250,000 and we have put our excess insurance carrier on notice.

A lawsuit involving a water main break at 55 Talcott Ave, West Hartford. Initial damage claim does not exceed \$1.1M, but a recent offer to compromise of \$900K was offered, so the final claim for damage may have a material adverse effect on the financials. MDC is vigorously defending the matter, and the trial is scheduled for later in 2026.

**REQUIRED SUPPLEMENTARY INFORMATION**

DRAFT

**THE METROPOLITAN DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxation:				
Hartford	\$ 13,817,887	\$ 13,817,887	\$ 13,817,887	\$ -
East Hartford	6,130,552	6,130,552	6,130,552	-
Newington	4,791,089	4,791,089	4,791,089	-
Wethersfield	4,239,858	4,239,858	4,239,858	-
Windsor	4,795,922	4,795,922	4,795,922	-
Bloomfield	3,750,383	3,750,383	3,750,383	-
Rocky Hill	3,373,184	3,373,184	3,373,184	-
West Hartford	12,177,725	12,177,725	12,177,725	-
Total Taxation	53,076,600	53,076,600	53,076,600	-
Sewer User Fees:				
Bradley Airport - Hamilton - East Granby	1,900,000	1,900,000	1,768,235	(131,765)
Customer Service Charge	10,494,700	10,494,700	9,925,811	(568,889)
Nonmunicipal - Tax Exempt	6,364,158	6,364,158	7,128,129	763,971
Hi-Flow Charges	3,900,000	3,900,000	4,711,350	811,350
Hi-Strength	770,000	770,000	2,402,096	1,632,096
Manchester	180,000	180,000	170,491	(9,509)
South Windsor	17,700	17,700	20,558	2,858
Farmington	184,700	184,700	159,669	(25,031)
Cromwell	11,700	11,700	11,519	(181)
Total Sewer User Fees	23,822,958	23,822,958	26,297,858	2,474,900
Intergovernmental:				
Sludge Handling	16,461,350	16,461,350	15,538,485	(922,865)
Household Hazardous Waste	31,000	31,000	37,499	6,499
Total Intergovernmental	16,492,350	16,492,350	15,575,984	(916,366)
Investment Income	856,000	856,000	537,885	(318,115)

**THE METROPOLITAN DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (CONTINUED)</b>				
Other Revenues:				
Bill Jobs	\$ 20,000	\$ 20,000	\$ 26,758	\$ 6,758
FOG Charges	253,500	253,500	235,497	(18,003)
Developers	-	-	45,703	45,703
Payroll Additives and Indirect Costs	96,500	96,500	254,704	158,204
Late Payment Charges	1,253,500	1,253,500	3,538,735	2,285,235
Labor Additives and Overhead	21,100	21,100	59,522	38,422
Property Rents	153,800	153,800	158,917	5,117
Sale of Materials/Equipment	175,000	175,000	133,464	(41,536)
Septage/Glycol Discharge Fees	1,400,000	1,400,000	1,364,688	(35,312)
Rebates and Reimbursements	150,000	150,000	111,550	(38,450)
Vendor Discount Revenue	250	250	150	(100)
Miscellaneous	150,000	150,000	160,260	10,260
Total Other Revenues	<u>3,673,650</u>	<u>3,673,650</u>	<u>6,089,948</u>	<u>2,416,298</u>
Total Revenues	97,921,558	97,921,558	101,578,275	3,656,717
<b>OTHER FINANCING SOURCES</b>				
Transfers In	9,101,585	9,101,585	1,582,873	(7,518,712)
Total Other Financing Sources	<u>9,101,585</u>	<u>9,101,585</u>	<u>1,582,873</u>	<u>(7,518,712)</u>
Total Revenues and Other Financing Sources	107,023,143	107,023,143	103,161,148	(3,861,995)
<b>EXPENDITURES</b>				
General Government:				
District Board	316,540	316,540	254,660	61,880
Executive Office	1,591,863	1,591,863	1,433,031	158,832
Legal	784,478	784,478	699,185	85,293
Customer Service	1,090,417	1,090,417	1,026,803	63,614
Information Systems	3,497,734	3,464,734	3,275,575	189,159
Finance	2,630,873	2,581,873	2,345,564	236,309
Total General Government	<u>9,911,905</u>	<u>9,829,905</u>	<u>9,034,818</u>	<u>795,087</u>
Engineering and Planning	185,710	185,710	72,413	113,297
Operations:				
Environmental Health and Safety	639,033	639,033	478,484	160,549
Command Center	2,258,378	2,258,378	2,150,218	108,160
Chief Operating Office	261,837	261,837	262,946	(1,109)
Operations	3,988,392	3,988,392	3,970,060	18,332
Total Operations	<u>7,147,640</u>	<u>7,147,640</u>	<u>6,861,708</u>	<u>285,932</u>

**THE METROPOLITAN DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Plants and Maintenance:				
Water Pollution Control	\$ 21,963,385	\$ 21,922,745	\$ 20,521,121	\$ 1,401,624
Laboratory Services	815,408	822,848	803,208	19,640
Maintenance	6,713,549	6,713,549	6,114,377	599,172
Special Agreements and Programs	1,985,866	1,907,066	1,735,631	171,435
Total Plants and Maintenance	<u>31,478,208</u>	<u>31,366,208</u>	<u>29,174,337</u>	<u>2,191,871</u>
Employee Benefits and Other:				
Employee Benefits	13,243,647	13,358,847	13,278,525	80,322
General Insurance	946,077	968,877	959,586	9,291
Total Employee Benefits and Other	<u>14,189,724</u>	<u>14,327,724</u>	<u>14,238,111</u>	<u>89,613</u>
Contingency	1,980,000	1,980,000	-	1,980,000
Debt Service:				
Principal	26,085,194	26,085,194	26,085,194	-
Interest	15,551,714	15,551,714	15,551,714	-
Interest Expense IFO/PLO	418,048	498,278	497,800	478
Legal Services	75,000	50,770	50,770	-
Total Debt Service	<u>42,129,956</u>	<u>42,185,956</u>	<u>42,185,478</u>	<u>478</u>
Total Expenditures	<u>107,023,143</u>	<u>107,023,143</u>	<u>101,566,865</u>	<u>5,456,278</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,594,283	<u>\$ 1,594,283</u>

Budgetary Expenditures are Different than GAAP Expenditures Because:

Expenditures not Included in the Budget, Consisting Primarily of:

The District does not Budget for Sales Accruals	170,431
The District does not Budget for Certain Miscellaneous Revenue	(2,975,583)
The District does not Budget for Billable or Developer Payroll	(73,097)
The District does not Budget for Certain Nonfunded Payroll	(72,844)
The District does not Budget for Year-End Payroll Accruals	323,332
The District does not Budget for Bad Debts	(1,106,616)
The District does not Budget for Year-End Expense Accruals	(368,017)
The District does not Budget for Deferred Inflow of Resources	296,686
The District does not Budget for the Lateral Installation Program	(14,271)
The District does not Budget for Liquid Waste Discharge Accruals	<u>(1,817,093)</u>

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

\$ (4,042,789)

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 5,724,335	\$ 5,030,010	\$ 4,859,913	\$ 4,845,109	\$ 4,684,449	\$ 4,679,208	\$ 4,201,054	\$ 4,088,615	\$ 3,989,674	\$ 4,121,036
Interest	22,382,387	21,704,156	21,372,867	21,353,126	21,004,988	19,624,655	19,227,865	18,306,742	18,000,653	17,634,276
Changes of Benefit Terms	-	-	-	-	-	21,260	350	-	258,130	-
Differences Between Expected and Actual Experience	1,916,773	5,352,933	782,358	2,677,228	1,429,146	1,826,376	2,768,238	8,180,799	(605,374)	159,570
Changes of Assumptions	-	-	-	(1,016,260)	4,123,207	18,425,798	6,966,524	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(22,817,512)	(22,279,052)	(22,093,261)	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)
Net Change in Total Pension Liability	7,205,983	9,808,047	4,921,877	6,728,653	11,186,747	25,801,264	14,937,573	12,827,380	4,343,792	5,964,669
Total Pension Liability - Beginning	343,348,829	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
Total Pension Liability - Ending	350,554,812	343,348,829	333,540,782	328,618,905	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496
Plan Fiduciary Net Position:										
Contributions - Employer	9,841,197	9,038,228	8,664,627	9,141,064	9,133,600	8,650,763	5,688,000	6,500,000	6,300,000	6,361,424
Contributions - Member	3,165,804	2,881,763	2,645,173	2,447,478	2,453,012	2,385,458	2,430,709	2,280,859	2,343,416	2,247,072
Net Investment Income (Loss)	41,994,674	31,921,585	26,222,522	(38,787,017)	34,407,695	34,378,938	35,293,532	(9,180,721)	36,679,882	13,824,703
Other Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(22,817,512)	(22,279,052)	(22,093,261)	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)
Administrative Expense	(71,844)	(75,869)	(67,430)	(61,011)	(82,006)	(79,174)	(103,926)	(67,530)	(119,313)	(109,687)
Special Item	-	-	-	-	-	-	-	-	(9,271,439)	-
Net Change in Plan Fiduciary Net Position	32,112,319	21,486,655	15,371,631	(48,390,036)	25,857,258	26,559,952	25,081,857	(18,216,168)	18,633,255	6,373,299
Plan Fiduciary Net Position - Beginning	267,671,801	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
Plan Fiduciary Net Position - Ending	299,784,120	267,671,801	246,185,146	230,813,515	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397
District's Net Pension Liability - Ending	<u>\$ 50,770,692</u>	<u>\$ 75,677,028</u>	<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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.52%	77.96%	73.81%	70.24%	86.74%	81.54%	79.60%	74.72%	85.53%	79.63%
Covered Payroll	\$ 47,280,910	\$ 43,894,742	\$ 44,206,618	\$ 44,109,088	\$ 47,184,831	\$ 44,912,213	\$ 44,912,213	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101
Net Pension Liability as a Percentage of Covered Payroll	107.38%	172.41%	197.61%	221.74%	90.47%	127.71%	129.40%	159.56%	88.41%	117.13%

## Notes to Schedule:

No changes to significant methods and assumptions.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 9,841,197	\$ 9,038,228	\$ 8,664,627	\$ 9,141,064	\$ 9,133,515	\$ 6,756,345	\$ 6,756,345	\$ 5,647,479	\$ 5,376,378	\$ 6,361,424
Contributions in Relation to the Actuarially Determined Contribution	<u>9,841,197</u>	<u>9,038,228</u>	<u>8,664,627</u>	<u>9,141,064</u>	<u>9,133,600</u>	<u>8,650,763</u>	<u>5,688,000</u>	<u>6,500,000</u>	<u>6,300,000</u>	<u>6,361,424</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85)</u>	<u>\$ (1,894,418)</u>	<u>\$ 1,068,345</u>	<u>\$ (852,521)</u>	<u>\$ (923,622)</u>	<u>\$ -</u>
Covered Payroll	\$ 47,280,910	\$ 43,894,742	\$ 44,206,618	\$ 44,109,088	\$ 47,184,831	\$ 44,912,213	\$ 44,912,213	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101
Contributions as a Percentage of Covered Payroll	20.81%	20.59%	19.60%	20.72%	19.36%	19.26%	12.66%	15.19%	14.97%	14.47%

Notes to Schedule

Valuation Date: January 1, 2025  
 Measurement Date: December 31, 2025  
 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; 3.50% growth rate
Remaining Amortization Period	15 years
Asset Valuation Method	5-Years, Nonasymptotic
Inflation	2.41%
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**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	15.69%	13.00%	11.45%	(13.95%)	13.72%	15.43%	17.79%	(4.22%)	13.80%	7.48%

DRAFT

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 1,867,130	\$ 1,803,990	\$ 2,179,800	\$ 1,831,765	\$ 2,842,666	\$ 8,810,535	\$ 6,698,208	\$ 8,531,854	\$ 7,730,316
Interest	9,141,720	9,019,811	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	2,185,639	578,080	-	(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	(10,497,816)	(8,873,649)	(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	2,696,673	2,528,232	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	141,285,826	138,757,594	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	143,982,499	141,285,826	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	9,431,010	8,506,895	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)	2,119,994	2,228,671	1,272,706	(328,525)	102,507	2,531	-	-	-
Reimbursements	-	-	-	-	-	-	179,878	241,355	451,135
Benefit Payments	(10,497,816)	(8,873,649)	(8,437,996)	(8,135,353)	(4,096,791)	(6,244,093)	(6,341,967)	(6,185,680)	(6,595,450)
Administrative Expense	(17,512)	(91,414)	(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	1,035,676	1,770,503	571,447	(4,679,720)	6,814,914	5,584,550	4,133,999	(74,844)	(26,685,603)
Plan Fiduciary Net Position - Beginning	13,595,297	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)	26,160,051
Plan Fiduciary Net Position - Ending	14,630,973	13,595,297	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)
Net OPEB Liability - Ending	\$ 129,351,526	\$ 127,690,529	\$ 126,932,800	\$ 124,874,583	\$ 177,788,440	\$ 173,261,904	\$ 371,445,284	\$ 289,899,059	\$ 314,842,748
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.16%	9.62%	8.52%	8.27%	8.22%	5.00%	0.94%	-0.21%	-0.17%
Covered Payroll	\$ 48,907,051	\$ 47,253,189	\$ 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	264.48%	270.23%	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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (1)	\$ 9,431,010	\$ 8,506,895	\$ 7,453,960	\$ 12,003,097	\$ 11,673,290	\$ 13,846,000	\$ -	\$ -	\$ 18,458,692	\$ 15,855,000
Contributions in Relation to the Actuarially Determined Contribution	9,431,010	8,506,895	7,867,406	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000	5,000,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (413,446)	\$ 1,302,092	\$ 1,224,490	\$ 3,497,000	\$ (9,146,000)	\$ (5,000,000)	\$ 13,458,692	\$ 10,855,000
Covered Payroll	\$ 48,907,051	\$ 47,253,189	\$ 43,388,927	\$ 46,502,237	\$ 46,502,237	\$ 43,143,578	\$ 43,143,678	\$ 43,535,483	\$ 43,535,483	\$ 41,000,000
Contributions as a Percentage of Covered Payroll	19.28%	18.00%	18.13%	23.01%	22.47%	23.99%	21.20%	11.48%	11.48%	12.20%

(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, 2024  
 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	6.30% (6.00% for Post-65) - 4.30% Over 66 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 50-61, 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 6.80% (6.00% for Post-65) - 4.20% over 66 years to 6.30% (6.00% for Post-65) - 4.30% over 66 years

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.44%	14.49%	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.

DRAFT

**SUPPLEMENTARY INFORMATION**

DRAFT

**THE METROPOLITAN DISTRICT  
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE  
CONNECTION CHARGE PROJECTS  
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND  
YEAR ENDED DECEMBER 31, 2025**

Year	Total Assessments Billed	Assessments Receivable January 1, 2025	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2025	Interest Collected
2003	\$ 1,843,321	\$ 1,146	\$ -	\$ -	\$ -	\$ 1,146	\$ -
2009	568,934	734	-	734	-	-	72
2010	895,500	38,187	-	38,187	-	-	3,723
2011	333,050	31,859	-	10,520	-	21,339	1,912
2012	139,933	13,986	-	4,393	-	9,593	949
2014	991,496	19,754	-	2,956	-	16,798	1,018
2015	892,511	62,127	-	8,518	-	53,609	3,691
2016	2,138,838	93,054	-	7,260	-	85,794	2,655
2017	1,158,191	3,593	-	312	-	3,281	223
2018	164,855	5,731	-	499	-	5,232	356
2019	263,001	16,830	-	1,277	-	15,553	1,010
2020	821,355	669,926	-	22,291	-	647,635	14,208
2021	188,418	46,730	-	3,005	-	43,725	2,731
2022	930,802	80,662	-	4,978	-	75,684	3,305
2023	738,913	359,498	-	13,781	-	345,717	20,499
2024	1,338,956	16,690	-	8,113	-	8,577	393
2025	-	-	1,297,198	1,039,018	-	258,180	1,201
<b>Total</b>	<b>\$ 13,408,074</b>	<b>\$ 1,460,507</b>	<b>\$ 1,297,198</b>	<b>\$ 1,165,842</b>	<b>\$ -</b>	<b>\$ 1,591,863</b>	<b>\$ 57,946</b>

**THE METROPOLITAN DISTRICT  
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE  
FLAT RATE PROJECTS  
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND  
YEAR ENDED DECEMBER 31, 2025**

Year	Total Assessments Billed	Assessments Receivable January 1, 2025	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2025	Interest Collected
2000	\$ 597,575	\$ 13,173	\$ -	\$ -	\$ -	\$ 13,173	\$ -
2003	684,750	11,937	-	-	-	11,937	72
2004	714,634	16,506	-	2,463	-	14,043	1,899
2007	677,398	15,545	-	-	-	15,545	-
2008	113,301	6,017	-	6,017	-	-	9,869
2010	219,724	1,737	-	1,737	-	-	150
2011	97,616	218	-	106	-	112	18
2014	380,405	39,677	-	5,081	11,848	22,748	10,939
2015	198,421	15,862	-	1,088	-	14,774	470
2018	26,131	10,639	-	926	-	9,713	661
2020	80,097	46,032	-	3,591	-	42,441	2,929
2021	310,101	9,610	-	3,955	-	5,655	506
2022	89,923	14,122	-	927	-	13,195	939
2023	15,035	14,167	-	619	-	13,548	814
2024	59,762	37,479	-	20,759	-	16,720	1,986
2025	-	-	158,215	103,801	26,633	27,781	1,554
<b>Total</b>	<b>\$ 4,264,873</b>	<b>\$ 252,721</b>	<b>\$ 158,215</b>	<b>\$ 151,070</b>	<b>\$ 38,481</b>	<b>\$ 221,385</b>	<b>\$ 32,806</b>

DRAFT

**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
DECEMBER 31, 2025**

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,631,750	\$ 180,450	\$ 2,812,200
Accounts Receivable	63,138	100,816	163,954
Investments, at Fair Value:			
Mutual Funds	136,224,735	14,349,707	150,574,442
Guaranteed Investment Contracts	18,463,630	-	18,463,630
Commingled Collective Trusts	114,035,304	-	114,035,304
Real Estate	28,365,563	-	28,365,563
Total Assets	<u>299,784,120</u>	<u>14,630,973</u>	<u>314,415,093</u>
<b>NET POSITION</b>			
Restricted for Pension and OPEB Benefits	<u>\$ 299,784,120</u>	<u>\$ 14,630,973</u>	<u>\$ 314,415,093</u>

DRAFT

**THE METROPOLITAN DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**YEAR ENDED DECEMBER 31, 2025**

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ADDITIONS:</b>			
Contributions:			
Employer	\$ 9,841,197	\$ 9,431,010	\$ 19,272,207
Plan Members	3,165,804	-	3,165,804
Total Contributions	<u>13,007,001</u>	<u>9,431,010</u>	<u>22,438,011</u>
Investment Earnings:			
Net Change in Fair Value of Investments	40,395,609	1,867,427	42,263,036
Interest and Dividends	2,712,357	258,114	2,970,471
Total Investment Earnings	<u>43,107,966</u>	<u>2,125,541</u>	<u>45,233,507</u>
Less Investment Expenses:			
Investment Management Fees	1,113,292	5,547	1,118,839
Net Investment Earnings	<u>41,994,674</u>	<u>2,119,994</u>	<u>44,114,668</u>
Total Additions	55,001,675	11,551,004	66,552,679
<b>DEDUCTIONS:</b>			
Benefits	22,817,512	10,497,816	33,315,328
Administrative Expense	71,844	17,512	89,356
Total Deductions	<u>22,889,356</u>	<u>10,515,328</u>	<u>33,404,684</u>
<b>CHANGE IN NET POSITION</b>	32,112,319	1,035,676	33,147,995
Net Position - Beginning of Year	<u>267,671,801</u>	<u>13,595,297</u>	<u>281,267,098</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 299,784,120</u>	<u>\$ 14,630,973</u>	<u>\$ 314,415,093</u>

**STATISTICAL SECTION**

DRAFT

## 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	98-102
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	103
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	104-106
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	107
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	108-110
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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,059,734,668	\$ 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
Restricted	784,196	82,460	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-
Unrestricted	42,617,000	6,967,743	11,203,530	(27,864,263)	(56,289,770)	(57,460,793)	(41,062,433)	(37,710,011)	79,129,891	97,312,929
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,103,135,864</b>	<b>\$ 1,008,738,591</b>	<b>\$ 938,068,103</b>	<b>\$ 861,572,342</b>	<b>\$ 792,616,608</b>	<b>\$ 754,842,794</b>	<b>\$ 700,644,678</b>	<b>\$ 590,628,113</b>	<b>\$ 665,698,299</b>	<b>\$ 582,214,496</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 332,526,794	\$ 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
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(17,814,016)	(64,859,429)	(83,854,915)	(108,094,307)	(130,180,132)	(180,975,146)	(166,847,582)	(123,821,368)	(35,082,158)	(14,191,842)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 314,712,778</b>	<b>\$ 266,838,553</b>	<b>\$ 238,542,368</b>	<b>\$ 199,463,820</b>	<b>\$ 151,044,879</b>	<b>\$ 90,303,443</b>	<b>\$ 116,018,116</b>	<b>\$ 155,671,248</b>	<b>\$ 224,061,632</b>	<b>\$ 250,721,817</b>
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 1,392,261,462	\$ 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
Restricted	784,196	82,460	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-
Unrestricted	24,802,984	(57,891,686)	(72,651,385)	(135,958,570)	(186,469,902)	(238,435,939)	(207,910,015)	(161,531,379)	41,148,468	83,121,087
<b>Total Primary Government Net Position</b>	<b>\$ 1,417,848,642 *</b>	<b>\$ 1,275,577,144</b>	<b>\$ 1,176,610,471</b>	<b>\$ 1,061,036,162</b>	<b>\$ 943,661,487</b>	<b>\$ 845,146,237</b>	<b>\$ 816,662,794</b>	<b>\$ 746,299,361</b>	<b>\$ 889,759,931</b>	<b>\$ 832,936,313</b>

\* Restated

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>EXPENSES</b>										
Governmental Activities:										
General Government	\$ 5,825,761	\$ 9,811,731	\$ 6,992,276	\$ 9,274,700	\$ 12,632,933	\$ 22,503,242	\$ 3,478,751	\$ 12,782,032	\$ 13,683,241	\$ 12,337,881
Engineering and Planning	-	-	-	-	-	-	-	-	-	-
Operations	27,073,673	31,272,891	17,847,612	20,309,768	19,918,024	32,724,856	11,612,676	15,004,934	25,441,446	6,151,830
Plants and Maintenance	43,345,066	52,752,230	43,551,515	49,002,317	49,634,121	71,412,175	32,932,419	43,573,609	46,577,522	29,189,681
Interest on Long-Term Debt	26,928,528	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
Total Governmental Activities Expenses	103,173,028	120,078,619	97,214,301	102,413,842	113,172,137	154,705,165	78,770,521	97,426,987	109,919,840	67,169,312
Business-Type Activities:										
Water	71,870,996	75,754,916	76,055,085	60,552,012	73,551,706	107,583,098	124,328,800	91,573,513	84,025,204	84,404,787
Hydroelectricity	354,244	297,900	257,130	289,595	2,037,099	2,116,807	247,281	702,704	827,100	479,326
Mid-Connecticut Project	-	-	-	-	-	-	-	-	1,793,246	761,311
Total Business-Type Activities Expenses	72,225,240	76,052,816	76,312,215	60,841,607	75,588,805	109,699,905	124,576,081	92,276,217	86,645,550	85,645,424
Total Primary Government Expenses	\$ 175,398,268	\$ 196,131,435	\$ 173,526,516	\$ 163,255,449	\$ 188,760,942	\$ 264,405,070	\$ 203,346,602	\$ 189,703,204	\$ 196,565,390	\$ 152,814,736
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services	\$ 91,753,508	\$ 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
Operating Grants and Contributions	20,879,786	11,939,689	10,560,612	12,406,369	10,111,198	-	-	-	-	3,992,310
Capital Grants and Contributions	23,926,160	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
Total Governmental Activities Program Revenues	136,559,454	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
Business-Type Activities:										
Charges for Services	99,481,420	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
Capital Grants and Contributions	13,065,709	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
Total Business-Type Activities Program Revenues	112,547,129	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
Total Primary Government Program Revenues	\$ 249,106,583	\$ 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
<b>NET REVENUES (EXPENSES)</b>										
Governmental Activities	\$ 33,386,426	\$ 5,477,909	\$ 21,424,097	\$ 17,354,485	\$ 7,072,081	\$ (15,102,836)	\$ 44,084,082	\$ 39,362,212	\$ 12,011,038	\$ 31,183,879
Business-Type Activities	40,321,889	27,316,283	35,834,244	47,203,119	37,238,887	(11,876,899)	(27,522,802)	11,157,003	1,246,336	(6,620,139)
Total Primary Government Net (Revenue) Expense	\$ 73,708,315	\$ 32,794,192	\$ 57,258,341	\$ 64,557,604	\$ 44,310,968	\$ (26,979,735)	\$ 16,561,280	\$ 50,519,215	\$ 13,257,374	\$ 24,563,740

**TABLE 2  
(CONTINUED)**

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental Activities:										
Sewer Taxation - Member										
Municipalities	\$ 53,076,600	\$ 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
Miscellaneous	-	-	217,408	-	-	3,466,043	5,501,247	2,813,918	1,864,076	116,577
Unrestricted Investment Earnings	7,144,069	5,863,150	1,777,656	125,549	1,029,927	3,573,305	3,060,821	1,689,115	586,401	272,361
Transfers	790,178	6,252,829	-	-	(21,803,894)	14,108,504	12,366,415	(17,707,978)	-	-
Special Item	-	-	-	-	-	-	-	(31,414,007)	28,760,431	-
Total Governmental Activities	61,010,847	65,192,579	55,071,664	51,601,249	30,701,733	69,300,952	65,932,483	(2,948,552)	70,155,208	37,835,338
Business-Type Activities:										
Miscellaneous	2,911,592	591,736	1,435,520	1,149,683	1,620,957	-	-	1,906,736	2,130,684	2,204,726
Unrestricted Investment Earnings	5,430,922	6,640,995	1,808,784	66,139	77,698	270,730	236,085	201,900	40,783	15,338
Transfers	(790,178)	(6,252,829)	-	-	21,803,894	(14,108,504)	(12,366,415)	-	(28,760,431)	-
Special Item	-	-	-	-	-	-	-	32,809,473	-	-
Total Business-Type Activities	7,552,336	979,902	3,244,304	1,215,822	23,502,549	(13,837,774)	(12,130,330)	34,918,109	(26,588,964)	2,220,064
Total Primary Government	\$ 68,563,183	\$ 66,172,481	\$ 58,315,968	\$ 52,817,071	\$ 54,204,282	\$ 55,463,178	\$ 53,802,153	\$ 31,969,557	\$ 43,566,244	\$ 40,055,402
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 94,397,273	\$ 70,670,488	\$ 76,495,761	\$ 68,955,734	\$ 37,773,814	\$ 54,198,116	\$ 110,016,565	\$ 36,413,660	\$ 82,166,246	\$ 69,019,217
Business-Type Activities	47,874,225	28,296,185	39,078,548	48,418,941	60,741,436	(25,714,673)	(39,653,132)	46,075,112	(25,342,628)	(4,400,075)
Total Primary Government	\$ 142,271,498	\$ 98,966,673	\$ 115,574,309	\$ 117,374,675	\$ 98,515,250	\$ 28,483,443	\$ 70,363,433	\$ 82,488,772	\$ 56,823,618	\$ 64,619,142

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund:										
Nonspendable	\$ 6,346,056	\$ 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
Unassigned	38,341,356	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
Total General Fund	<u>\$ 44,687,412</u>	<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>
All Other Governmental Funds:										
Nonspendable	\$ 35,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,957	\$ 183,283	\$ 319,960
Restricted	23,465,343	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
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
Unassigned	6,398,986	(5,715,113)	-	-	(31,175,587)	-	(6,272,630)	(130,243,360)	(76,526,304)	(102,328,055)
Total All Other Governmental Funds	<u>\$ 29,899,686</u>	<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>

\* 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>REVENUES</b>										
Taxation - Member Municipalities	\$ 53,076,600	\$ 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
Assessments	2,500,603	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
Sewer User Fees	87,000,930	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
Intergovernmental Revenues	44,805,946	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
Investment Income	7,144,069	5,863,150	1,777,656	125,549	1,029,927	3,573,305	3,060,820	1,689,115	586,401	272,361
Other Local Revenues	2,126,591	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
<b>Total Revenues</b>	<b>196,654,739</b>	<b>183,237,781</b>	<b>175,254,888</b>	<b>174,528,857</b>	<b>172,191,883</b>	<b>166,054,732</b>	<b>174,687,595</b>	<b>182,820,433</b>	<b>161,340,596</b>	<b>135,325,773</b>
<b>EXPENDITURES</b>										
Current:										
General Government	10,949,053	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
Engineering and Planning	-	-	-	-	-	-	-	-	-	-
Operations	10,975,860	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
Plants And Maintenance	34,286,598	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
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
Debt Service:										
Principal Retirement	64,400,465	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
Interest	34,848,416	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
Legal Services	-	-	-	-	939,475	-	-	-	-	-
Capital Outlay	194,565,121	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
<b>Total Expenditures</b>	<b>350,025,513</b>	<b>281,430,542</b>	<b>247,775,890</b>	<b>251,736,914</b>	<b>249,432,089</b>	<b>283,534,835</b>	<b>296,513,041</b>	<b>345,240,516</b>	<b>325,041,481</b>	<b>242,828,246</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(153,370,774)</b>	<b>(78,192,761)</b>	<b>(72,521,002)</b>	<b>(77,208,057)</b>	<b>(77,240,206)</b>	<b>(117,480,103)</b>	<b>(121,825,446)</b>	<b>(162,420,083)</b>	<b>(163,700,885)</b>	<b>(107,502,473)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond Proceeds	49,160,170	35,306,400	43,118,950	275,796,690	55,010,000	38,395,250	62,591,950	-	85,331,650	39,070,781
Refunding Bond Proceeds	8,883,913	-	-	6,183,180	76,065,000	58,603,410	-	-	18,301,300	-
Payment to Refunded Bond Escrow Agent	(9,955,792)	-	-	(7,458,978)	(76,935,985)	(68,712,098)	-	-	(21,140,765)	-
Loan Obligation Proceeds	44,166,548	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
Bond Premium	5,044,308	4,385,790	7,198,598	30,787,114	15,448,049	7,049,505	7,411,503	-	5,933,457	3,352,904
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	-
Transfers In	108,394,830	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
Transfers Out	(107,604,652)	(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)
<b>Total Other Financing Sources</b>	<b>98,089,325</b>	<b>67,757,589</b>	<b>75,307,129</b>	<b>145,833,467</b>	<b>28,225,472</b>	<b>118,090,121</b>	<b>166,227,524</b>	<b>127,654,336</b>	<b>211,560,739</b>	<b>109,190,310</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(55,281,449)</b>	<b>(10,435,172)</b>	<b>2,786,127</b>	<b>68,625,410</b>	<b>(49,014,734)</b>	<b>610,018</b>	<b>44,402,078</b>	<b>(34,765,747)</b>	<b>47,859,854</b>	<b>1,687,837</b>
Fund Balance - Beginning of Year	129,868,547	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
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 74,587,098</b>	<b>\$ 129,868,547</b>	<b>\$ 140,303,719</b>	<b>\$ 137,517,592</b>	<b>\$ 82,320,911</b>	<b>\$ 131,335,645</b>	<b>\$ 130,725,627</b>	<b>\$ 86,323,549</b>	<b>\$ 121,089,296</b>	<b>\$ 73,229,442</b>
Debt Service as a Percentage to Noncapital Expenditures	64.72 %	63.22 %	61.99 %	61.53 %	60.72 %	62.53 %	61.39 %	53.78 %	49.22 %	63.02 %
Total Debt Service	\$ 99,248,881	\$ 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
Capitalized Capital Outlay	(196,669,488)	(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)
Noncapital Expenditures	153,356,025	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

\*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
2024	26.05% \$ 13,826,794	11.64% \$ 6,178,994	8.98% \$ 4,767,022	8.05% \$ 4,270,904	8.95% \$ 4,751,784	7.29% \$ 3,869,024	6.32% \$ 3,352,446	22.72% \$ 12,059,632	\$ 53,076,600
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	27.50 10,298,600	11.99 4,490,100	8.78 3,287,300	8.07 3,022,000	8.61 3,222,600	7.34 2,752,400	5.75 2,153,700	21.95 8,219,700	37,446,400

Source: Tax warrants served on member towns.

**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	Total Outstanding Debt Per Capita
	General Obligation Bonds	Clean Water Fund Loans	Revenue Bonds	Premiums	General Obligation Bonds	Drinking Water Fund Loans	Premiums			
2024	\$ 362,245,824	\$ 442,720,200	\$ 321,280,000	\$ 63,173,419	\$ 359,429,176	\$ 61,931,977	\$ 38,149,607	\$ 1,648,930,203	10.89 %	\$ 4,529
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

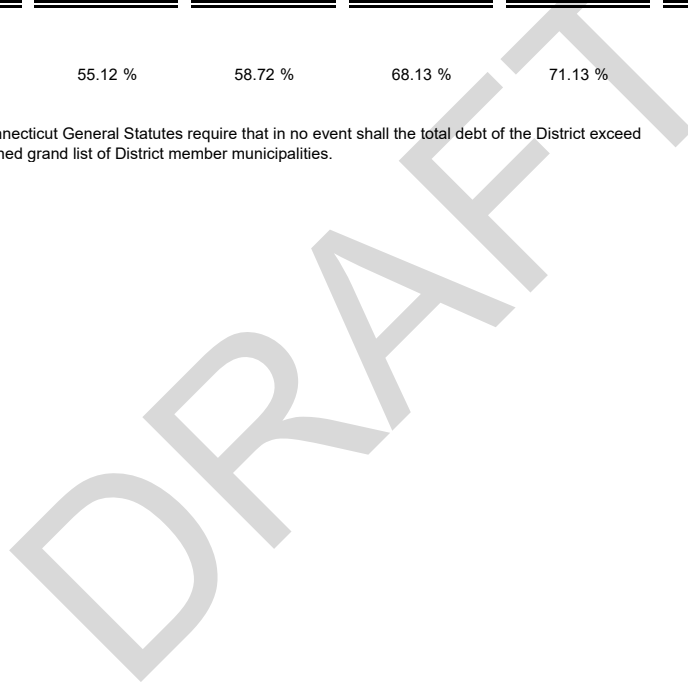
DRAFT

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt Limit	\$ 1,573,325,243	\$ 1,525,374,136	\$ 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
Total Net Debt Applicable to Limit	<u>849,290,808</u>	<u>869,124,263</u>	<u>808,219,741</u>	<u>802,420,538</u>	<u>897,446,518</u>	<u>923,986,894</u>	<u>945,046,541</u>	<u>946,055,259</u>	<u>907,121,892</u>	<u>721,360,548</u>
Legal Debt Margin	<u>\$ 724,034,435</u>	<u>\$ 656,249,873</u>	<u>\$ 658,035,483</u>	<u>\$ 563,986,060</u>	<u>\$ 419,799,673</u>	<u>\$ 374,966,151</u>	<u>\$ 332,764,947</u>	<u>\$ 314,188,035</u>	<u>\$ 336,777,128</u>	<u>\$ 490,196,208</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	53.98 %	56.98 %	55.12 %	58.72 %	68.13 %	71.13 %	73.96 %	75.07 %	72.93 %	59.54 %

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 2024 debt limit can be found on Table 8 of this report.



**THE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN  
DECEMBER 31, 2025**

Combined 2024 Grand List of Member Municipalities of the District	<u>\$ 31,466,504,856</u>
Debt Limit, 5% Thereof	1,573,325,243
Total Outstanding Debt, December 31, 2024:	
Water General Obligation Bonds	264,782,451
DWSRF Project Loan Obligations	50,573,533
Sewer General Obligation Bonds	244,325,736
CWF Project Loan Obligations	29,211,190
Clean Water Project General Obligation Bonds (b)	26,985,000
Clean Water Project Revenue Bonds (b)	321,280,000
Clean Water Project CWF Project Loan Obligations (b)	338,113,355
Combined General Obligation Bonds	<u>185,581,813</u>
Total Direct-Long-Term Indebtedness	1,460,853,078
Outstanding Bonds and Notes:	
DWSRF Interim Funding Obligation	119,720,439
CWF Interim Funding Obligation (b)	<u>15,683,309</u>
Total Direct Short-Term Indebtedness	<u>135,403,748</u>
Total Direct Indebtedness	1,596,256,826
<b>Less: Outstanding Debt Not Subject to Debt Limitation:</b>	
Water Bonds (a)	264,782,451
DWSRF Project Loan Obligations	50,573,533
DWSRF Interim Funding Obligations	15,683,309
Clean Water Project Revenue Bonds (b)	321,280,000
Water's Share of Combined General Obligation Bonds	<u>94,646,725</u>
Total Outstanding Debt Not Subject to Debt Limitation	<u>746,966,018</u>
Total Debt Subject to Debt Limitation	<u>849,290,808</u>
Excess of Charter Debt Limitation Over Outstanding Debt	<u>\$ 724,034,435</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 \$1.826 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.

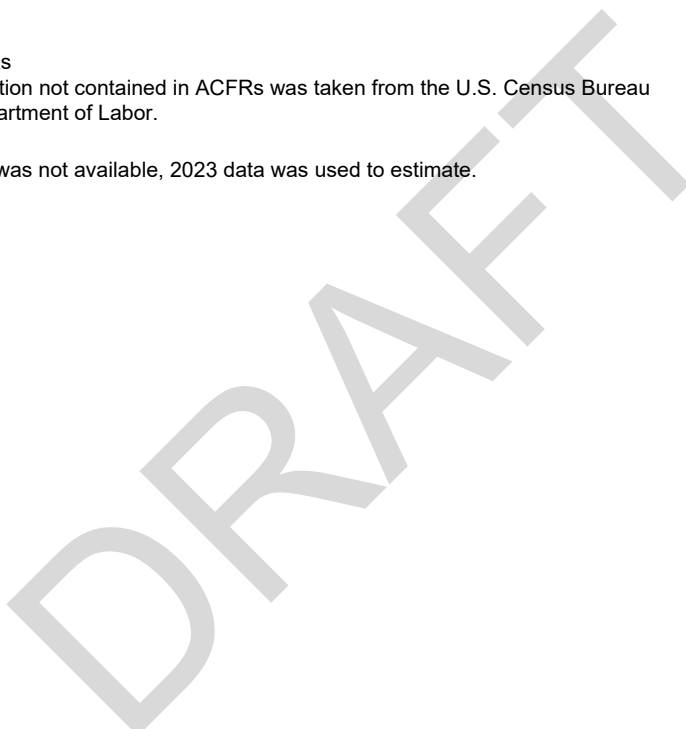
Note: In the above schedule, Interim Funding Obligations are considered short-term indebtedness. For GAAP purposes, these are included as long-term indebtedness.

**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
2024 *	364,058	\$ 15,140,549,614	\$ 41,588	38.9	47,168	4.24 %
2023	365,075	14,490,463,203	39,692	38.9	48,896	4.74
2022	363,988	14,007,077,856	38,482	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	11,595,158,185	31,840	38.4	51,765	6.08
2018	364,869	11,456,046,993	31,398	38.5	52,245	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

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

\*Bloomfield's 2024 ACFR data was not available, 2023 data was used to estimate.



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

	<u>2024</u>	<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>
Officials/Administrators	32	34	30	30	28	36	31	32	34	32
Other Administrative	29	30	25	30	32	33	31	30	32	33
Professional/Technical	142	140	148	162	162	160	164	166	170	174
Protective Service	2	2	7	6	12	10	8	8	8	8
Skilled Craft, Service/Maintenance	<u>230</u>	<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>
Total	<u><u>435</u></u>	<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>

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.

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

	<u>2024</u>	<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>
Water Operations:										
Miles of Water Mains Added	4.94	(0.04)	0.14	0.63	0.12	3.04	3.71	0.77	1.56	2.10
Total Miles of Water Mains	1,577	1,578	1,579	1,579	1,562	1,562	1,557	1,554	1,553	1,551
Water Connections Made	102,135	102,018	101,879	101,816	101,731	102,184	102,051	101,836	101,599	101,446
Average Daily Consumption (Millions of Gallons)	45.15	44.15	46.38	45.98	47.63	45.80	37.34	39.30	39.59	40.07
Maximum Consumption (Millions of Gallons Daily)	64.78	57.74	65.3	65.46	69.89	63.65	68.80	61.70	71.94	70.09
Minimum Consumption (Millions of Gallons Daily)	36.81	36.73	37.45	38.62	38.15	38.94	37.84	39.20	39.9	37.57
Number of Hydrants	10,243	10,225	10,203	10,189	10,216	10,166	10,720	10,329	10,197	11,238
Number of Meters	100,984	100,929	100,814	100,608	100,452	98,250	99,946	98,239	102,987	101,400
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>2024</u>	<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>
Sewer Operations:										
Miles of Sewer Mains Added	1.51	0.58	0.44	0.92	2.43	0.81	1.20	(0.34)	1.57	2.89
Total Miles of Sanitary Sewers	1,097.08	1,096.84	1,096.70	1,095.61	1,092.67	1,090.24	1,089.43	1,088.23	1,088.57	1,087.47
Miles of Combined Sewers	149	149	149	149	159	159	159	159	159	159
Miles of Storm Sewers	105	105	105	105	79	79	79	78	79	79
Sewer Connections Made	92,071	91,970	91,843	91,506	91,376	91,208	91,037	91,011	90,728	90,566
Average Daily Flow (Millions of Gallons)	80.61	87.96	67.71	80.35	72.30	79.42	80.70	65.20	56.70	60.50
Estimated Sewer Connections	0	0	0	0	0	0	91,011	91,011	90,728	90,566
Plant Capacity (Millions of Gallons)	85	85	85	85	105	105	105	105	105	105

Source: MDC Budgets

**BOARD OF FINANCE**

**RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$1,750,000 IN ORDER TO FUND A 2022 CAPITAL IMPROVEMENT PROGRAM PROJECT**

To: Board of Finance

June 29, 2026

Staff seeks approval from your Board to authorize the District to execute and deliver one or more project loan and project subsidy agreements and any and all interim funding obligations and project loan obligations in an amount not to exceed \$1,750,000 in order to fund a 2022 capital improvement program project.

The project loan and subsidy will fund the capital improvement program project for water service inventory and mapping district-wide.

Bond Counsel prepared the following resolution for your approval.

**WHEREAS**, on December 6, 2021, the District Board approved that certain resolution entitled “RESOLUTION APPROPRIATING \$94,600,000 FOR THE DISTRICT’S 2022 CAPITAL IMPROVEMENT PROGRAM AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$94,600,000 TO FINANCE SAID APPROPRIATION” (the “Resolution”) after the recommendation of the Board of Finance; and

**WHEREAS**, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$1,750,000 for the capital improvement program project set forth therein as No. 17 for water service inventory and mapping (the “Project”), as more particularly attached hereto and incorporated herein; and

**WHEREAS**, the Resolution further provides that “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....as the District Board shall determine, in accordance with Connecticut laws and the District’s Charter, following recommendation of the Board of Finance”; and

**WHEREAS**, the Resolution further states that “[t]he 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 a recommendation of the Board of Finance”; and

**WHEREAS**, Section 4-5 of the District's Charter also requires that "the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form, interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum"; and

**WHEREAS**, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Public Health ("DPH") to determine whether the Project will be eligible for funding under the Drinking Water Program (as defined in the Resolution); and

**WHEREAS**, in anticipation of DPH determining that the Project will be eligible under the Drinking Water Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Subsidy Agreements, one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$1,750,000 in order to fund any or all of the Project described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

It is **RECOMMENDED** that it be

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

**BE IT RESOLVED:**

Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Subsidy Agreements and one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable (each, an "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$1,750,000 to fund any or all of the Project described in the Resolution and determined by the DPH as eligible under the Drinking Water Program.

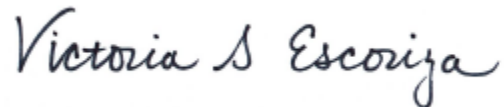
Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each

Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Victoria S. Escoriza".

Victoria S. Escoriza  
Interim District Clerk