

Greater New Haven Water Pollution Control Authority

Financial Report
June 30, 2015 and 2014

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Financial Section



Independent Auditor's Report

RSM US LLP

To the Board of Directors
Greater New Haven Water Pollution Control Authority
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater New Haven Water Pollution Control Authority (the Authority), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater New Haven Water Pollution Control Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter—Adoption of Standards

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB 68*, which resulted in the Authority restating net position for recognition of the Authority's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3–8, the Schedule of Contributions – Municipal Employees' Retirement System on page 33 and the Schedule of the Authority's Proportionate Share of the Net Pension Liability – Municipal Employees' Retirement System on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 23, 2015 and December 16, 2014, on our consideration of the Authority'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 these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 23, 2015

**Greater New Haven
Water Pollution Control Authority
Management's Discussion and Analysis - *Unaudited*
For the Year Ended June 30, 2015**

INTRODUCTION

The Greater New Haven Water Pollution Control Authority (the "GNHWPCA" or the "Authority") was organized in 2005 as a political subdivision of the State of Connecticut established and created for the performance of an essential public and governmental function. It was created as a regional water pollution control authority under Connecticut Public Act 95-329, subsequently enacted as Title 22a, Sections 500 to 519 of the Connecticut General Statutes, as amended (the "Act"). The GNHWPCA was created pursuant to the Act by concurrent ordinances of the four municipalities (the City of New Haven, and the Towns of Hamden, East Haven and Woodbridge, the "Constituent Municipalities"). Under the Act, the GNHWPCA is empowered to purchase, own and operate a public sewer system; to levy assessments and sewer use fees; to place liens on real estate to secure such assessments; and to issue revenue bonds. The GNHWPCA is also eligible for grants and loans under the State of Connecticut Clean Water Fund program ("CWF"). Under the by-laws of the GNHWPCA, a governing Board of Directors comprised of representatives of the Constituent Municipalities was established.

On August 29, 2005, the GNHWPCA entered into an Asset Purchase Agreement ("regionalization") with the Constituent Municipalities and thereby acquired ownership of the wastewater system assets of the Constituent Municipalities which included CWF obligations.

In order to finance the acquisition of the wastewater system assets, the GNHWPCA issued \$91,290,000 of revenue bonds (the "2005 Series A Bonds") subject to an Indenture of Trust (the "Indenture"). The Indenture constitutes a contract between the GNHWPCA, the Trustee and the holders of the 2005 Series A Bonds. The Indenture secures the 2005 Series A Bonds and the CWF loans assumed from the Constituent Municipalities.

The wastewater system assets acquired by the GNHWPCA included: the East Shore Wastewater Treatment Plant (the "Treatment Plant"), located in New Haven; 30 pump stations; a collection system of approximately 560 miles of sanitary and combined sewers (the "Collection System"); and machinery and equipment. The system provides wastewater treatment services to approximately 50,000 customers throughout the four communities.

The Greater New Haven Water Pollution Control Authority operates on a fiscal year that starts on July 1 and ends on June 30.

Management's Discussion and Analysis ("MD&A") provides supplemental information to the audit and should be read in conjunction with such audit. The purpose of the MD&A is to introduce and highlight the more detailed information provided in the audited financial statements. For example, it will assess improvement to or deterioration of the GNHWPCA financial position and will identify factors that, in management's opinion, affected financial performance during the fiscal period under review.

CONTENTS OF THE AUDITED FINANCIAL STATEMENTS

Our financial statements are prepared using proprietary fund (enterprise fund) accounting that employs essentially the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and the accrual basis of accounting are used.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. These statements are followed by notes to the financial statements.

The GNHWPCA's audited financial statements include the following:

- **Statements of net position**

These statements provide information about the GNHWPCA's investments in resources (assets) and deferred outflows of resources, and its obligations to creditors (liabilities) and deferred inflows of resources, with the difference between them 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 GNHWPCA is improving or deteriorating.

- **Statements of revenues, expenses, and changes in net position**

These statements demonstrate changes in net position from one period to another by accounting for operating and non-operating revenues and expenditures and measuring the financial results of operations combined with any capital contributions to determine the net change in position for the period. This change combined with the beginning of the period net position balance reconciles to the net position at the end of the period. The information may be useful to determine how the GNHWPCA has funded its costs.

- **Statements of cash flows**

These statements report cash and cash equivalent activity for the year resulting from operating activities, non-capital financing activities, capital and related financial activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the year.

- **Notes to financial statements and required supplementary information**

Notes to the financial statements contain information essential to understanding the financial statements, such as the GNHWPCA accounting methods and policies. Required supplementary information contains information on the GNHWPCA's pension plan.

THE GNHWPCA BUSINESS

The GNHWPCA was created pursuant to Sections 22a-500 to 22a-519, inclusive, of the Connecticut General Statutes to (a) operate the Treatment Plant and to (b) use, equip, re-equip, repair, maintain, supervise, manage, operate and perform any act pertinent to collection, transportation, treatment and disposal of sewage with respect to the Constituent Municipalities. Currently, the daily flow at the Treatment Plant is approximately 29 million gallons per day.

OPERATIONS TRANSITION

Effective January 4, 2014, the GNHWPCA assumed responsibility for the day-to-day management of the operations of the Treatment Plant and the Collection System, which had previously been contracted out to a private company since 1999. As a result of the transition, the Authority's full-time equivalent (FTE) employees increased from 39 to 63.

FINANCIAL HIGHLIGHTS

Condensed Statements of Revenues, Expenses and Changes in Net Position

<i>(Dollars in Thousands)</i>	Years ended June 30,			Dollar Variance		Percentage Variance	
	2015	2014	2013	15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Operating revenues	\$ 39,794	\$ 38,917	\$ 37,234	\$ 877	\$ 1,683	2.3%	4.5%
Operating expenses	23,179	22,194	21,219	985	975	4.4%	4.6%
Depreciation and amortization	5,353	5,260	4,580	93	680	1.8%	14.8%
Total operating expenses, including depreciation	28,532	27,454	25,799	1,078	1,655	3.9%	6.4%
Operating income	11,262	11,463	11,435	(201)	28	(1.8%)	0.2%
Nonoperating (expense) income	(3,745)	(4,362)	(4,651)	617	289	(14.1%)	(6.2%)
Capital grants	7,337	5,170	4,159	2,167	1,011	41.9%	24.3%
Change in net position	\$ 14,854	\$ 12,271	\$ 10,943	\$ 2,583	\$ 1,328	21.0%	12.1%

The following items highlight the condensed statements of revenues, expenses and changes in net position, shown above.

- **Operating Revenues**

Operating revenues of \$39.8 million for fiscal year 2015 represent an increase of \$0.9 million or 2.3% compared to \$38.9 million in operating revenues for fiscal year 2014. The increase in operating revenue is primarily attributable to a rate increase of \$0.20 per centum cubic feet (“CCF”) from fiscal year 2014 to fiscal year 2015. The GNHWPCA approved a charge of \$3.75 per CCF to meet the requirements of the Indenture and to fund capital improvements.

Operating revenues of \$38.9 million for fiscal year 2014 represent an increase of \$1.7 million or 4.5% compared to \$37.2 million in operating revenues for fiscal year 2013. The increase in operating revenue is primarily attributable to a rate increase of \$0.25 per CCF from fiscal year 2013 to fiscal year 2014. The GNHWPCA approved a charge of \$3.55 per CCF to meet the requirements of the Indenture and to fund capital improvements.

- **Operating Expenses**

Operating expenses include all costs, including maintenance, necessary to deliver wastewater collection and treatment services. It also includes the administrative resources and billing and customer service costs employed to ensure efficient operations.

Operating expenses for fiscal year 2015 increased to \$23.2 million, an increase of \$1.0 million over fiscal year 2014, with a total of \$22.2 million. The increase is largely due to an increase in salaries and benefit cost, as well as an increase in contractual obligations.

Operating expenses for fiscal year 2014 increased to \$22.2 million, an increase of \$1.0 million over fiscal year 2013, with a total of \$21.2 million. The increase is largely due to an increase in salaries and benefits due to the operations transition.

- **Non-operating Income and Expense**

Non-operating income and expense includes revenue from investment income, reflective of market rates of return, which is used in the general operation of the entity; and interest expense which consists primarily of interest incurred on revenue bonds issued and outstanding and loans assumed in connection with the CWF Program.

Non-operating expenses in fiscal year 2015 decreased \$0.6 million or 14.2% to \$3.7 million from \$4.4 million for fiscal year 2014. The decrease in nonoperating income and expenses is directly related to the refunding of the Series A 2005 Revenue Bonds.

Non-operating expenses in fiscal year 2014 decreased \$0.3 million or 6.2% to \$4.4 million from \$4.7 million for fiscal year 2013. The decrease in nonoperating income and expenses is directly related to a decrease in interest expense associated with outstanding debt.

Condensed Statements of Net Position

<i>(Dollars in Thousands)</i>	June 30,			Dollar Variance		Percentage Variance	
	2015	2014	2013	15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Assets							
Current assets	\$ 46,983	\$ 41,287	\$ 34,493	\$ 5,696	\$ 6,794	13.8%	19.7%
Capital assets, net	204,413	175,539	165,452	28,874	10,087	16.4%	6.1%
Noncurrent assets							
Restricted assets	12,076	12,647	16,565	(571)	(3,918)	(4.5%)	(23.7%)
Other	8,471	9,331	7,853	(860)	1,478	(9.2%)	18.8%
Total assets	271,943	238,804	224,363	33,139	14,441	13.9%	6.4%
Deferred Outflows of Resources	3,191	-	-	3,191	-	100.0%	0.0%
Liabilities							
Current liabilities	20,644	14,742	19,952	5,902	(5,210)	40.0%	(26.1%)
Noncurrent liabilities	159,074	141,625	134,245	17,449	7,380	12.3%	5.5%
Total liabilities	179,718	156,367	154,197	23,351	2,170	14.9%	1.4%
Deferred Inflows of Resources	867	-	-	867	-	100.0%	0.0%
Net Position							
Net investment in capital assets	68,371	57,521	52,277	10,850	5,244	18.9%	10.0%
Restricted	1,387	1,068	1,169	319	(101)	29.9%	(8.6%)
Unrestricted (*as restated)	24,101	23,531	16,721	570	6,810	2.4%	40.7%
Unrestricted - designated	690	317	-	373	317	117.7%	100.0%
Total net position	\$ 94,549	\$ 82,437	\$ 70,167	\$ 12,112	\$ 12,270	14.7%	17.5%

* Note 1

The following items highlight the condensed statements of net position shown above.

- **Current Assets**

The increase of \$5.7 million in current assets between fiscal year-end 2014 and fiscal year-end 2015 resulted principally from an increase in cash and cash equivalents as a result of higher cash receipts at June 30, 2015.

- **Capital Assets**

The increase in capital assets is attributable to additions to equipment and sewer lines, such as acquisition and improvements of pumping equipment, water treatment facilities, the waste water collection system and information technology.

Capital assets are assets acquired for the use in operations that will benefit more than a single fiscal year. Capital assets are stated at cost. Normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. No depreciation is computed on these assets until they are complete and placed into service. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Additional information on capital assets is presented in Note 4.

- **Restricted Assets**

The term “restricted assets” refers primarily to certain funds established under various bond indentures, as well as funds acquired from the regionalization, whose use is restricted for the following purposes:

- Debt Service
- Debt Service Reserves
- Construction
- Maintenance Escrow
- Solids Handling Sinking Fund

The decrease of \$0.6 million in restricted assets between fiscal year-end 2014 and fiscal year-end 2015 is primarily due to the funding of capital projects.

The GNHWPCA invests these restricted assets in investments as allowed by the Indenture, for example, depository accounts in direct obligations of the federal or state governments (or agencies) or in guaranteed investment contracts.

- **Other Non-Current Assets**

Other non-current assets decreased \$0.9 million or 9.2% to 8.5 million from \$9.3 million for fiscal year-end 2015. The decrease is primarily due to a decrease in the long-term portion of the receivable with the City of New Haven as it relates to their portion of Clean Water Fund bonds.

- **Current Liabilities**

The increase of \$5.9 million in current liabilities from fiscal year-end 2014 to fiscal year-end 2015 is primarily attributed to an increase in accounts payable, accrued interest and the current portion of long-term debt at June 30, 2015.

- **Non-Current Liabilities**

Non-current liabilities increased by \$17.4 million between fiscal year-end 2014 to fiscal year-end 2015 primarily due to the addition of a net pension liability of \$2.3 million and the increase in Interim Funding Obligations on Clean Water Fund projects 441-C and 676-C. Additional information of non-current liabilities is presented in Note 6 and Note 9.

- **Net Position**

By far the largest portion of the GNHWPCA's net position of \$94.5 million, 72.3% or \$68.4 million reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure) in the Constituent Municipalities served by the Authority. An additional portion of the Authority's net position \$1.4 million represents resources that are subject to external restrictions to meet the requirements of the indenture. The remaining balance of unrestricted net position \$24.1 million may be used to meet the Authority's ongoing obligations and \$0.7 million has been designated for debt service reserve.

Total net position increased by \$14.8 million or 18.6% to \$94.5 million for fiscal year-end 2015 from \$79.7 million in 2014 (after restatement, see Note 1) as a result of operations and the Authority's investment in capital assets.

THE GNHWPCA'S CUSTOMER BASE

The GNHWPCA serves a population of almost 200,000 users; the customer base is primarily residential and commercial. Of its approximately 50,000 customers, 44,000 are residential and approximately 6,000 are commercial, industrial and public authorities.

LIQUIDITY AND CAPITAL RESOURCES

In fiscal year 2015 the Authority generated \$39.8 million in total operating revenues and \$0.5 million from investment and other earnings. These amounts were used to pay for operations and maintenance of \$23.2 million and to fund debt service of \$10.8 million (\$7.0 million principal and \$3.8 million interest).

The Authority funds its program of capital improvements largely through debt financing and capital contributions from the State of Connecticut's Clean Water Fund program and through the issuance of revenue bonds.

CREDIT RATING

Standard & Poor's, Moody's and Fitch Investors Service affirmed ratings of A+, A1 and A+, respectively, on the GNHWPCA's outstanding debt.

FINANCIAL STATEMENT PRESENTATION

The GNHWPCA financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Greater New Haven Water Pollution Control Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Director of Finance & Administration, Greater New Haven Water Pollution Control Authority, 260 East Street, New Haven, Connecticut 06511.

Basic Financial Statements

Greater New Haven Water Pollution Control Authority

**Statements of Net Position
June 30, 2015 and 2014**

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 38,192,150	\$ 32,773,253
Accounts receivable, less allowance for doubtful accounts of \$4,086,815 and \$4,139,796 in 2015 and 2014, respectively	7,794,189	7,499,797
Receivable - City of New Haven (Note 3)	859,920	866,051
Other current assets	136,421	148,102
Total current assets	46,982,680	41,287,203
Capital Assets (Note 4)	243,661,881	209,434,093
Less Accumulated Depreciation	(39,248,480)	(33,895,481)
	204,413,401	175,538,612
Non-Current Receivable - City of New Haven (Note 3)	8,470,845	9,331,528
Restricted Assets (Note 5)	12,075,654	12,646,855
Total assets	271,942,580	238,804,198
Deferred Outflows of Resources		
Deferred pension expense	740,570	-
Deferred amounts on refunding	2,449,980	-
Total deferred outflows of resources	3,190,550	-
Liabilities		
Current Liabilities		
Current portion of long-term debt (Note 6)	5,711,464	5,518,465
Accounts payable	10,792,122	6,369,995
Retainage payable (Note 10)	804,478	430,947
Accrued interest	1,778,493	1,111,915
Accrued expenses	1,557,007	1,311,062
Total current liabilities	20,643,564	14,742,384
Noncurrent Liabilities		
Net pension liability	2,259,514	-
Long-term debt, less current portion (Note 6)	156,814,658	141,624,662
Total noncurrent liabilities	159,074,172	141,624,662
Total liabilities	179,717,736	156,367,046
Deferred Inflows of Resources		
Deferred pension credit	866,636	-
Total deferred inflows of resources	866,636	-
Net Position		
Net investment in capital assets	68,371,023	57,521,336
Restricted:		
Debt service	1,103,298	1,001,480
Escrow	283,597	66,500
Unrestricted	24,100,931	23,530,941
Unrestricted - designated for debt service reserve	689,909	316,895
Total net position	\$ 94,548,758	\$ 82,437,152

See Notes to Financial Statements.

Greater New Haven Water Pollution Control Authority

**Statements of Revenues and Expenses
and Changes in Net Position
Years Ended June 30, 2015 and 2014**

	2015	2014
Operating Revenues		
Residential	\$ 24,451,988	\$ 23,520,980
Commercial and industrial	9,549,273	9,365,750
Municipal	1,320,815	1,289,700
Delinquent interest and lien fees	1,409,931	1,424,163
Outside sludge disposal	545,533	995,816
Other	2,516,043	2,522,263
Provision for bad debts	46	(201,657)
Total operating revenues	39,793,629	38,917,015
Operating Expenses		
Operation and maintenance (Notes 8, 9 and 10)	23,178,672	22,194,301
Depreciation and amortization	5,353,000	5,260,461
Total operating expenses	28,531,672	27,454,762
Operating income	11,261,957	11,462,253
Nonoperating Income (Expense)		
Other income	196,035	189,660
Interest income	299,126	290,318
Interest expense (Note 7)	(4,239,337)	(4,841,736)
Total nonoperating income (expense)	(3,744,176)	(4,361,758)
Income before capital contributions	7,517,781	7,100,495
Capital contributions	7,336,694	5,169,711
Change in net position	14,854,475	12,270,207
Net Position, Beginning of Year*	79,694,283	70,166,945
Net Position, End of Year	\$ 94,548,758	\$ 82,437,152

* July 1, 2014 restated, see Note 1

See Notes to Financial Statements.

Greater New Haven Water Pollution Control Authority

Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 39,499,237	\$ 38,188,150
Payments to suppliers	(10,738,860)	(13,461,712)
Payments to employees	(7,743,817)	(5,532,028)
Net cash provided by operating activities	21,016,560	19,194,410
Cash Flows From Capital and Related Financing Activities		
Proceeds from notes payable	97,122,748	4,804,171
Principal payments on debt (includes defeasance of \$78,660,000)	(85,663,463)	(5,574,436)
Interest paid on debt	(2,099,029)	(5,249,380)
Proceeds from City of New Haven	866,814	899,396
Proceeds received from capital contributions	7,247,115	2,604,418
Acquisition and construction of capital assets	(34,138,210)	(15,251,453)
Net cash used in capital and related financing activities	(16,664,025)	(17,767,284)
Cash Flows From Non-Capital Activities		
Other income	196,035	189,659
Cash Flows From Investing Activities		
Interest received	299,126	290,318
Net increase in cash and cash equivalents	4,847,696	1,907,103
Cash and Cash Equivalents		
Beginning	45,420,108	43,513,005
Ending	\$ 50,267,804	\$ 45,420,108
Reported on Statement of Net Position as follows:		
Unrestricted cash and cash equivalents	\$ 38,192,150	\$ 32,773,253
Restricted assets	\$ 12,075,654	\$ 12,646,855
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 11,261,957	\$ 11,462,253
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,353,000	5,260,461
Provision for bad debts	(46)	201,657
Changes in assets and liabilities:		
(Increase) in accounts receivable	(294,347)	(930,522)
(Increase) decrease in other assets	11,681	(148,102)
Increase in accounts payable	4,795,659	3,092,918
Decrease in other liabilities	(1,033,440)	-
Increase in deferred outflows	(190,485)	-
Increase in deferred inflows	866,636	-
Increase in accrued expenses and retainage	245,945	255,745
Net cash provided by operating activities	\$ 21,016,560	\$ 19,194,410
Noncash Investing, Capital and Financing Activities		
Conversion of interim obligation to permanent	\$ -	\$ 9,620,162
City of New Haven share of Clean Water Fund	\$ -	\$ 2,510,686
Deferred amount on refundings recorded through:		
Reduction of unamortized deferred amounts and unamortized original issue premiums and discounts	\$ 227,287	\$ -

See Notes to Financial Statements.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies

Reporting entity: The Greater New Haven Water Pollution Control Authority (the GNHWPCA) or (the Authority) was organized in 2005 as a political subdivision of the State, established and created for the performance of an essential public and governmental function. It was created as a regional water pollution control authority under Connecticut Public Act 95-329, subsequently enacted as Title 22a, Sections 500 to 519 of the Connecticut General Statutes, as amended (the Act). The GNHWPCA was created pursuant to the Act by concurrent ordinances of the City of New Haven and the Towns of Hamden, East Haven and Woodbridge (the Constituent Municipalities). Under the Act, the GNHWPCA is empowered to purchase, own and operate a public sewer system; to levy assessments and sewer use fees; to place liens on real estate to secure such assessments; and to issue revenue bonds. The GNHWPCA is also eligible for grants and loans under the State of Connecticut Clean Water Fund (CWF) program. Under the by-laws of the GNHWPCA, a governing Board of Directors comprised of representatives of the Constituent Municipalities was established.

Accounting principles require that the reporting entity include organizations for which the nature and significance of their relationship with the primary entity are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This criterion has been considered and as a result, there are no agencies or entities that should be, but are not, combined with the financial statements of the GNHWPCA.

In 2005, the GNHWPCA entered into an Asset Purchase Agreement with the Constituent Municipalities. Under the agreement, the Authority acquired ownership of their wastewater system assets and assumed certain obligations of the Constituent Municipalities.

Adoption of new accounting pronouncements:

The GASB issued *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, in June 2012 and, its amendment, *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*, which was effective for the GNHWPCA's fiscal year 2015. This statement revises and establishes new financial accounting and reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, *Statement No. 68* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and the related recognition of pension expense. The GNHWPCA implemented this statement during fiscal year 2015. The effects on the GNHWPCA's financials as of July 1, 2014 are as follows: The beginning net position was adjusted by \$2,742,869, a net pension liability of \$3,292,954 was added and a deferred pension expense of \$550,085 was added. Details can be found in Note 10. With respect to the comparative information as of and for the year ended June 30, 2014, 2014 balances could not be restated as information required to adopt the standard is not available to the GNHWPCA.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the GNHWPCA's financial statements.

Significant accounting policies are as follows:

Basis of accounting: The GNHWPCA utilizes the accrual basis of accounting, as required of proprietary funds under generally accepted accounting principles, under which revenues are recognized when earned and expenses are recognized when incurred.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the GNHWPCA considers all unrestricted and restricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts receivable: Accounts receivable are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received.

Capital assets: Property, plant and equipment are stated at cost when purchased and fair value when contributed. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. No depreciation is computed on these assets until they are complete and placed into service. Property, plant and equipment are depreciated utilizing the following estimated useful lives:

	Years
Land improvements	15-50
Buildings and improvements	40
Machinery and equipment	5-20
Sewer lines	10-50
Vehicles	5

GNHWPCA capitalizes interest during the period of construction.

Debt issuance costs and bond premiums: Costs incurred in connection with issuance of long-term debt, consisting primarily of legal fees, are expensed as incurred. Bond premiums have been deferred and are being amortized over the life of the related debt.

Net position: Net position is classified in the following categories:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings 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 this component of net position.

Restricted net position: This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: This category represents the amount not restricted for any project or other purpose.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Revenues: Revenues are based on the GNHWPCA authorized minimum charges and rates per hundred cubic feet (CCF) applied to customer consumption of water. Revenues are recognized when utility services are provided.

The GNHWPCA bills customers based on actual water consumption used during the period from April 1 through March 31 of the previous year, with an adjustment for seasonal use for residential customers who use less than 300 CCF's per year.

Interest is levied on accounts that are 30 days past due. The GNHWPCA has the authority to file liens on past due accounts.

Operating revenues and expenses: The GNHWPCA distinguishes operating revenues and expenses from non-operating. Operating revenues result from charges to customers for wastewater disposal and related services. Operating expenses include the cost of operations, maintenance, sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating or capital contributions.

Capital contributions: Capital contributions are recognized when eligibility requirements are met. Capital contributions consist principally of grant funding received under the State of Connecticut's Clean Water Fund Program, contributions received from the City of New Haven under a cost sharing agreement for Clean Water Fund projects and contributions received from the State of Connecticut Department of Transportation for costs incurred to move infrastructure.

Compensated absences: Under the terms of two collective bargaining agreements, employees are awarded vacation on January 1 of each year based on years of service, and can accumulate up to 40 days of unused vacation. Employees are also allowed sick leave, which is earned monthly, and can accumulate up to 150 days. Upon termination of employment without eligibility for retirement, each employee is paid for unused vacation. Retiring employees are paid for 100 percent of their unused vacation and unused sick leave up to 90 days. Such balances are recorded as a component of accrued expenses in the statement of net position.

Vested sick leave and accumulated vacation leave is recognized as an expense and liability as the benefits accrue to employees.

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.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports a deferred charge on refunding and deferred outflows related to pension in the statement of net position. 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 results from differences between expected and actual experience, changes in assumptions or other inputs.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

These amounts are deferred and included in pension 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 plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a deferred inflow of resources related to pensions in the statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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 plan (active employees and inactive employees).

Note 2. Cash, Cash Equivalents and Investments

Deposits: The GNHWPCA's custodial credit risk policy for deposits conforms to the State of Connecticut requirement that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The GNHWPCA does not have a formal credit risk policy for investments; however, the GNHWPCA adheres to State of Connecticut statutes which, in general, allows the GNHWPCA to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investments in Guaranteed Investment Contracts are recorded at cost, which approximate fair value.

Interest rate risk: The GNHWPCA does not have a policy for interest rate risk. This is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. The guaranteed investment contract matures August 15, 2035.

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The guaranteed investment contract is not rated.

Concentrations: The GNHWPCA's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer. The guaranteed investment contract is with one issuer.

Custodial credit risks:

Deposits: The GNHWPCA is subject to custodial credit risk. This is the risk that, in the event of failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2015 and 2014, \$17,546,533 and \$14,863,966 of the GNHWPCA's bank balance of \$45,708,218 and \$41,558,292 was uninsured and uncollateralized.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

A summary of balances as of June 30 consist of the following:

	2015		
	Unrestricted	Restricted	Total
Deposits	\$ 38,192,150	\$ 6,179,154	\$ 44,371,304
Guaranteed Investment Contract	-	5,896,500	5,896,500
	<u>\$ 38,192,150</u>	<u>\$ 12,075,654</u>	<u>\$ 50,267,804</u>

	2014		
	Unrestricted	Restricted	Total
Deposits	\$ 32,773,253	\$ 6,750,355	\$ 39,523,608
Guaranteed Investment Contract	-	5,896,500	5,896,500
	<u>\$ 32,773,253</u>	<u>\$ 12,646,855</u>	<u>\$ 45,420,108</u>

Note 3. Receivable – City of New Haven

The Authority has a receivable from the City of New Haven with respect to a cost sharing agreement entered into in conjunction with the CWF program for sewer separation projects. Under the terms of the cost sharing agreement, the City of New Haven agreed to reimburse the GNHWPCA for 40% of the debt service costs associated with the funding received. Included in the balance at June 30, 2015, are certain outstanding obligations assumed pursuant to the Asset Purchase Agreement. The terms associated with this receivable mirror the underlying terms of the Clean Water Fund obligations of the GNHWPCA. The total receivable at June 30, 2015, is \$9,330,768, of which \$859,920 is current. The City of New Haven made principal payments of \$866,814 and \$899,396 during the years ended June 30, 2015 and 2014, respectively.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

	2015				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Capital assets, not being depreciated					
Land	\$ 2,578,488	\$ -	\$ -	\$ -	\$ 2,578,488
Construction in progress	15,847,211	32,732,992	(2,618)	(985,851)	47,591,734
Total capital assets, not being depreciated	18,425,699	32,732,992	(2,618)	(985,851)	50,170,222
Capital assets, being depreciated					
Buildings and improvements	42,670,440	208,430	-	4,000	42,882,870
Machinery and equipment	21,936,004	588,557	-	-	22,524,561
Furniture and fixtures	2,283,554	38,767	-	871,429	3,193,750
Infrastructure	123,154,585	610,119	-	110,422	123,875,126
Vehicles	963,811	51,541	-	-	1,015,352
Total capital assets, being depreciated	191,008,394	1,497,414	-	985,851	193,491,659
Less accumulated depreciation for					
Buildings and improvements	11,468,255	1,430,544	-	-	12,898,799
Machinery and equipment	6,033,092	1,016,225	-	-	7,049,317
Furniture and fixtures	1,477,563	334,719	-	-	1,812,282
Infrastructure	14,493,314	2,477,533	-	-	16,970,847
Vehicles	423,257	93,978	-	-	517,235
Total accumulated depreciation	33,895,481	5,352,999	-	-	39,248,480
Total capital assets, being depreciated, net	157,112,913	(3,855,585)	-	985,851	154,243,179
Total capital assets, net	\$ 175,538,612	\$ 28,877,407	\$ (2,618)	\$ -	\$ 204,413,401

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 4. Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2014, was as follows:

	2014				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Capital assets, not being depreciated					
Land	\$ 2,578,488	\$ -	\$ -	\$ -	\$ 2,578,488
Construction in progress	30,193,656	12,618,611	(2,296)	(26,962,760)	15,847,211
Total capital assets, not being depreciated	32,772,144	12,618,611	(2,296)	(26,962,760)	18,425,699
Capital assets, being depreciated					
Buildings and improvements	40,754,267	51,592	-	1,864,581	42,670,440
Machinery and equipment	20,542,975	208,765	-	1,184,264	21,936,004
Furniture and fixtures	2,227,379	30,739	-	25,436	2,283,554
Infrastructure	97,090,310	2,175,796	-	23,888,479	123,154,585
Vehicles	699,556	264,255	-	-	963,811
Total capital assets, being depreciated	161,314,487	2,731,147	-	26,962,760	191,008,394
Less accumulated depreciation for					
Buildings and improvements	10,044,798	1,423,457	-	-	11,468,255
Machinery and equipment	4,977,995	1,055,097	-	-	6,033,092
Furniture and fixtures	1,257,518	220,045	-	-	1,477,563
Infrastructure	12,030,222	2,463,092	-	-	14,493,314
Vehicles	324,487	98,770	-	-	423,257
Total accumulated depreciation	28,635,020	5,260,461	-	-	33,895,481
Total capital assets, being depreciated, net	132,679,467	(2,529,314)	-	26,962,760	157,112,913
Total capital assets, net	\$ 165,451,611	\$ 10,089,297	\$ (2,296)	\$ -	\$ 175,538,612

The State of Connecticut Department of Transportation contributed \$89,579 and \$96,008 in infrastructure required for various State sponsored construction at June 30, 2015 and 2014, respectively. Included in construction in progress is \$609,404 and \$715,616 of capitalized interest at June 30, 2015 and 2014, respectively.

Note 5. Restricted Assets

Pursuant to the 2005 Series A Bond Indenture and the Asset Purchase Agreement, the 2008 Series A Bond Indenture, 2012 Series B Revenue Bond Indenture, the 2014 Series B Revenue Bond, as well as certain legal settlements, certain funds are required to be maintained for purposes specified in the applicable agreement.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 5. Restricted Assets (Continued)

At June 30, GNHWPCA's restricted assets were being maintained for the following purposes:

	2015	2014
Debt service reserve fund - Revenue Bonds and CWF*	\$ 9,570,824	\$ 9,596,015
Unspent construction funds from Revenue Bonds*	1,117,935	1,982,860
Debt service fund	1,103,298	1,001,480
Solids handling maintenance escrow	217,097	-
Maintenance escrow	66,500	66,500
	<u>\$ 12,075,654</u>	<u>\$ 12,646,855</u>

* Unspent bond proceeds

These funds come with a maximum debt service requirement, and minimum percentages of these issuances that the GNHWPCA is required to maintain at all times:

	Original Bond Issuance	Maximum Debt Service Requirement	Debt Service Service Reserve Fund Balance	DRSF Requirement*	Indenture
2005 Series A Rev Bonds	\$ 325,000	\$ 333,125	\$ 32,500	100%	1st
2007 Series A CWF 563-DC	8,961,758	548,910	278,797	50%	3rd
2007 Series C CWF Consolidated	20,560,842	2,199,723	1,100,107	50%	6th
2007 Series E CWF 463-CD1	934,984	61,896	31,438	50%	8th
2008 Series A Rev Bonds	18,975,000	1,234,500	1,249,754	100%	9th
2008 Series B (CREBS)	2,500,000	187,000	189,867	100%	10th
2009 Series C CWF 206-CSL	3,952,524	237,710	118,883	50%	13th
2011 Series D CWF 581-C1	6,121,755	368,171	61,375	2 months *	16th
2012 Series B Rev Bonds	9,295,000	538,800	538,808	100%	18th
2013 Series A CWF 627-C	656,236	39,467	6,578	2 months **	20th
2013 Series C CWF 441-D	3,571,120	214,772	35,799	2 months ***	22nd
2013 Series D CWF 581-C2	6,276,714	377,490	62,920	2 months ****	23rd
2014 Series B Rev Bond Refunding	77,510,000	5,864,000	5,864,000	100%	25th
Total	<u>\$ 159,640,933</u>	<u>\$ 12,205,564</u>	<u>\$ 9,570,826</u>		

*Represents the percent of aggregate maximum annual debt service the WPCA is required to maintain. All funds are held with U.S. Bank.

**Per State of Connecticut, a minimum of two month debt service payments is required to be maintained.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt

Long-term debt consists of the following at June 30, 2015:

	2015	2014
2005 Series A Revenue Bonds		
\$44,895,000 Serial Bonds, issued August 2005, interest payable semi-annually at 3.25% - 5.0%, due in annual principal amounts, beginning in 2007, of \$1,580,000 to \$3,485,000, through 2025.	\$ -	\$ 32,590,000
\$20,310,000 Term Bonds, issued August 2005, interest payable semi-annually at 5.0%, due November 15, 2030.	-	20,310,000
\$26,085,000 Term Bonds, issued August 2005, interest payable semi-annually at 5.0%, due August 15, 2035.	325,000	26,085,000
2008 Series A Revenue Bonds		
\$7,185,000 Serial Bonds, issued March 2008, interest payable semi-annually at 4.0%-5.0%, due in annual principal amounts, beginning in 2010, of \$355,000 to \$635,000.	5,260,000	5,675,000
\$2,860,000 Term Bonds, issued March 2008, interest payable semi-annually at 4.75%, due November 15, 2028.	2,860,000	2,860,000
\$8,930,000 Term Bonds, issued March 2008, interest payable semi-annually at 5.00%, due November 15, 2037.	8,930,000	8,930,000
2008 Series B Revenue Bonds		
\$2,500,000 Term Bonds, issued April 2008, interest payable quarterly at 3.3% - 5.73%, due in annual principal amounts, beginning December 2008, of \$166,667, through December 2022.	1,333,333	1,499,999
2012 Series B Revenue Bonds		
\$9,295,000 of Revenue Bonds, issued July 12, 2012. The bonds bear interest of 2.00% to 4.180% and mature from July 12, 2013 to July 12, 2042.	8,925,000	9,115,000
2014 Series B Revenue Refunding Bonds		
\$62,265,000 of Revenue Bonds, issued July 10, 2014. The bonds bear interest of 2.00% to 5.00% and mature from July 10, 2014 to August 15, 2032.	58,730,000	-
\$15,245,000 Term Bond, issued July 2014, interest payable semi-annually at 4.00%, due August 15, 2035.	15,245,000	-

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

	2015	2014
Notes Payable and Other		
State of Connecticut Clean Water Fund obligation, due in monthly principal amounts of \$32,000 to \$146,000, plus interest at 2%, through 2026(A).	\$ 13,070,791	\$ 14,883,293
State of Connecticut Clean Water Fund obligation, due in annual principal payments amounts of \$169,000 to \$233,000, plus interest at 2%, through 2029 (A)	2,795,191	2,975,043
State of Connecticut Clean Water Fund obligation, due in annual principal payment amounts of \$183,000 to \$361,000, plus interest at 2%, through 2030 (A)	4,903,369	5,170,569
State of Connecticut Clean Water Fund obligation, due in annual principal payments amounts of \$152,000 to \$209,000, plus interest of 2%, through 2033 (A).	3,206,755	3,355,772
State of Connecticut Clean Water Fund obligation, due in annual principal payments amounts of \$266,000 to \$373,000, plus interest of 2%, through 2033 (A).	5,702,265	5,962,878
State of Connecticut Clean Water Fund obligation, due in annual principal payments amounts of \$27,613 to 50,916, plus interest of 2%, through 2032.	577,708	605,320
State of Connecticut Clean Water Fund Interim obligations, bearing interest at 2% (A).	23,443,010	3,830,263
Total long-term debt	155,307,422	143,848,137
Unamortized bond		
Premium	7,342,177	3,427,033
Discount	(123,477)	(132,043)
	162,526,122	147,143,127
Less current portion	5,711,464	5,518,465
	\$ 156,814,658	\$ 141,624,662

(A) Pursuant to the Asset Purchase Agreement, the GNHWPCA assumed outstanding obligations in connection with the State of Connecticut's Clean Water Fund Program for sewer separation projects. Additionally, the GNHWPCA entered into a cost sharing agreement with the City of New Haven with respect to Clean Water Fund Program obligations issued to the GNHWPCA.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

The Series A 2005 Revenue Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which the redemption takes place. For purposes of the \$20,310,000 and \$26,085,000 Term Bonds, the annual date of redemption begins on November 15, 2026 and August 31, 2031, respectively. Amounts were refunded with the Series B 2014 Revenue Bonds, leaving \$325,000 due in 2016.

The Series A 2008 Revenue Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which this redemption takes place. For purposes of the \$2,860,000 and \$8,930,000 Term Bonds, the annual date of redemption begins on November 15, 2025 and November 15, 2029, respectively. Mandatory sinking fund redemption requirements range from \$665,000 to \$1,200,000.

The Series B 2012 Revenue Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which this redemption takes place. For purposes of the \$2,090,000 and \$7,205,000 Term bonds, the annual date of redemption begins on January 1, 2013 and July 1, 2024, respectively. Mandatory sinking fund redemption requirements range from \$240,000 to \$515,000.

The Series B 2014 Revenue Refunding Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which this redemption takes place. For purposes of the \$62,265,000 and \$15,245,000 Term bonds, the annual date of redemption begins on July 1, 2015 and July 1, 2036, respectively. Mandatory sinking fund redemption requirements range from \$2,290,000 to \$5,075,000.

Additionally, the 2005, 2008, 2012 and 2014 bond indentures contain certain restrictive and financial covenants, including a rate covenant which requires the GNHWPCA to set rates to provide for 100% of operating expenses and a Debt Service Coverage ratio of 115%.

The annual debt service requirements on the above debt at June 30, 2015, are as follows:

	Principal	Interest	Total
2016	\$ 5,711,464	\$ 5,004,149	\$ 10,715,613
2017*	6,665,041	4,873,967	11,539,008
2018*	27,644,229	4,732,658	32,376,887
2019	5,612,889	4,575,959	10,188,848
2020	5,794,439	4,401,843	10,196,282
2021-2025	30,178,713	18,902,004	49,080,717
2026-2030	29,110,241	13,176,796	42,287,037
2031-2035	32,145,406	6,209,340	38,354,746
2036-2040	10,960,000	889,050	11,849,050
2041-2045	1,485,000	90,700	1,575,700
Total	\$ 155,307,422	\$ 62,856,466	\$ 218,163,888

*2017 Principal figure of \$6,665,041 includes interim funding obligations (IFO) of \$1,272,453 that are scheduled to convert to a permanent loan obligation (PLO) by June 30, 2017. The 2018 Principal figure of \$27,644,229 includes interim funding obligations (IFO) of \$22,170,557 that are scheduled to convert to a permanent loan obligation (PLO) by June 30, 2018.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

Long-term liability activity for the year ended June 30, 2015 and 2014, was as follows:

	2015				
	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	\$ 107,064,999	\$ 77,510,000	\$ 82,966,666	\$ 101,608,333	\$ 3,031,666
Notes payable	32,952,875	-	2,696,797	30,256,078	2,679,798
Interim obligations	3,830,263	19,612,748	-	23,443,011	-
Net pension liability	3,292,514	-	1,033,000	2,259,514	-
Total long-term liabilities	\$ 147,140,651	\$ 97,122,748	\$ 86,696,463	\$ 157,566,936	\$ 5,711,464

* as restated for GASB No. 68

	2014				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	\$ 109,776,666	\$ -	\$ 2,711,667	\$ 107,064,999	\$ 2,821,668
Notes payable	25,967,812	9,847,834	2,862,771	32,952,875	2,696,797
Interim obligations	8,873,925	4,576,499	9,620,161	3,830,263	-
Total long-term liabilities	\$ 144,618,403	\$ 14,424,333	\$ 15,194,599	\$ 143,848,137	\$ 5,518,465

2014 Revenue Refunding Bonds-In-Substance Defeasance

In July 2014, GNHWPCA issued \$77,510,000 Series B Revenue Refunding Bonds, along with a cash pay down of \$82,066, to enable the defeasance of \$78,660,000 in 2005 Series A Revenue Bonds. The 2014 Series B refund issue matures annually from 2015 through 2036 with interest coupons at 2% to 5%. GNHWPCA's advanced defeasance of the all 2005 Series A Bonds resulted in economic present value savings of \$5,477,304 or 7% of the refunded bonds. The cash savings of the difference was approximately \$8,449,519. The refunding resulted in a deferred loss on refunding in the amount of approximately \$2,449,980, which is included in Deferred Outflows of Resources in the statements of net position. At June 30, 2015, the defeased bonds outstanding were \$76,610,000, which were called and redeemed on November 15, 2015.

Note 7. Interest Cost

The total interest cost incurred during the years ended June 30, 2015 and 2014, was \$4,848,741 and \$5,557,351, respectively, of which \$609,404 and \$715,616, respectively, were capitalized as part of the cost of various capital projects and offset by amortization of debt issuance costs and bond premiums and discounts, respectively.

Note 8. Risk Management

The GNHWPCA maintains commercial insurance for various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims have not exceeded coverage amounts in the last three fiscal years.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan

Defined Benefit Pension Plan:

Plan description: Certain employees of the GNHWPCA participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Benefit provisions: Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: life annuity.

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

Service retirement allowance: Condition for Allowance - Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance:

Condition for allowance: 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

Amount of Allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

Service connected disability:

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including Worker's Compensation benefits) of 50% of compensation at the time of the disability.

Vesting retirement allowance:

Condition for allowance: 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Death benefit:

Condition for benefit: Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Return of deductions: Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring on or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

Contributions – by members: For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

By municipalities: Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions.

Assumptions: The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	7/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females).

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

The long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis 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. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16.00%	5.80%
Developed non - U.S. equities	14.00%	6.60%
Emerging markets (non - U.S.)	7.00%	8.30%
Core fixed income	8.00%	1.30%
Inflation linked bond fund	5.00%	1.00%
Emerging market bond	8.00%	3.70%
High yield bonds	14.00%	3.90%
Real estate	7.00%	5.10%
Private equity	10.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity fund	3.00%	0.40%
	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. 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 employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability (asset)	\$ 4,984,023	\$ 2,259,514	\$ (51,300)

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2015, the GNHWPCA reported a liability of \$2,259,514 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GNHWPCA's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014, GNHWPCA's proportion was 0.03%.

For the year ended June 30, 2015, GNHWPCA recognized pension expense of \$318,606. At June 30, 2015, GNHWPCA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 866,636
Contributions subsequent to the measurement date	740,570	-
Total	<u>\$ 740,570</u>	<u>\$ 866,636</u>

\$740,570 reported as deferred outflows of resources related to pensions resulting from the GNHWPCA's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30.

2016	\$ 216,659
2017	216,659
2018	216,659
2019	216,659
2020	-
Thereafter	-

Note 10. Commitments and Contingencies

The GNHWPCA is a defendant in various litigation, principally involving property damage and other miscellaneous claims. Based upon the advice of legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial condition or the results of operations of the GNHWPCA.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 10. Commitments and Contingencies (Continued)

The GNHWPCA had a long-term agreement, with Operations Management International (OMI) that expired in January 2014 for the operation and maintenance of the treatment plant, pump stations and sewer collection system. The Authority executed a 15 year Maintenance Services Agreement with New Haven Residuals, LP (Maintenance Contractor) on September 30, 2013 that went into effect January 4, 2014. The comprehensive agreement with the Maintenance Contractor provides for the maintenance of the East Shore Treatment Plant and pump stations. The agreement establishes performance and reporting requirements for the maintenance of the system, and requires the implementation of the maintenance management program to include preventive, predictive, and corrective maintenance for all components of the system.

The agreement provides for payment of a Service Fee to the Maintenance Contractor consisting of the following components:

- A fixed component of \$1,930,000 (2014 dollars, adjusted annually);
- Reimbursement for expenditures for maintenance, major repairs, capital costs and outside services up to a Project Expense Limit of \$1,100,000 (2014 dollars, adjusted annually). Amounts expended by the Maintenance Contractor in excess of the limit are paid by the GNHWPCA, subject to a markup due to the Maintenance Contractor; and
- 50% of the revenues collected by the GNHWPCA from the Fats, Oils and Greases Facility.
- The GNHWPCA is responsible for all utility costs.

As a result of the new Maintenance Services Contract the Authority assumed the day to day operations of the Treatment Plant and sewer collection system effective January 4, 2014. For fiscal year ended June 30, 2015 the Authority paid operations and maintenance fees totaling \$1,930,000 compared to \$4,046,902 for fiscal year ended June 30, 2014.

The GNHWPCA executed a new 10 year extension on August 25, 2014 with New Haven Residuals, LP (Synagro) for the receipt and disposal of sludge at the East Shore Treatment Plant and operation of the sludge burning incinerator. Under the terms of the new agreement Synagro is responsible for reimbursing the GNHWPCA for the cost of all utilities, except water, associated with the specified services. The agreement provides a payment of a service fee to Synagro to process 6,570 dry tons of sludge with provisions for adjusted fees for defined deviations from that level. The Service Fee is \$385 per dry ton for 2014 subject to annual adjustments for inflation.

Under the terms of the new agreement, Synagro is allowed to solicit sludge from other entities (outside sludge) to utilize the capacity of the on-site incinerator. Synagro is required to pay as a royalty, \$35 per dry ton of outside sludge processed to a sinking fund. The GNHWPCA is required to match all such payments into the sinking fund with all combined contributions to be used for any capital projects that exceed a cost of \$20,000. Synagro is responsible for all capital projects costing less than \$20,000. Combined payments to the sinking fund are expected to approximate \$500,000 annually.

At June 30, 2015, the GNHWPCA has approximately \$804,478 of unbilled, ongoing contracts for construction and improvements of its sewer systems. Funding for these projects is primarily being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants and through excess revenue bond proceeds.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 11. Pronouncements Issued, Not Yet Effective

The GASB issued pronouncements that have an effective date that may impact future financial presentations.

- **GASB Statement No. 72, *Fair Value Measurement and Application*.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- **GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*,** completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged.
- **GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*,** addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- **GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,** addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 11. Pronouncements Issued, Not Yet Effective (Continued)

- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- ***GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.
- ***GASB Statement No. 77, Tax Abatement Disclosures.*** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.
 - Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 11. Pronouncements Issued, Not Yet Effective (Continued)

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Required Supplementary Information – Unaudited

**Schedule of Contributions - Municipal Employees' Retirement System
 Required Supplementary Information - unaudited
 For the Year Ended June 30, 2015**

Measurement Period Ended June 30,	2015	2014
Actuarially determined contribution	\$ 740,570	\$ 550,085
Contributions in relation to the actuarially determined contribution	740,570	550,085
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 5,260,359	\$ 3,821,094
Contributions as a percentage of covered- employee payroll	14.08%	14.40%

**Schedule of the Authority's Proportionate Share of the Net Pension Liability -
Municipal Employees' Retirement System
Required Supplementary Information - unaudited
For the Year Ended June 30, 2015**

	2015
GNHWPCA's proportion of the net pension liability	3.011707%
GNHWPCA's proportionate share of the net pension liability	<u>\$ 2,259,514</u>
GNHWPCA's covered-employee payroll	<u>\$ 3,821,094</u>
GNHWPCA's proportionate share of the net pension liability as a percentage of its covered payroll	<u>59.13%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.48%</u>