Greater New Haven Water Pollution Control Authority

Financial Report
June 30, 2022 and 2021

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RSM US LLP

Independent Auditor's Report

Board of Directors
Greater New Haven Water Pollution Control Authority

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the business-type activities of the Greater New Haven Water Pollution Control Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 business-type activities of the Greater New Haven Water Pollution Control Authority, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 opinion.

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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinion. 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 Authority'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 Authority'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 that the Management Discussion and Analysis on pages 4-10, the Schedule of Contributions – Municipal Employees' Retirement System on page 35 and the Schedule of the Authority's Proportionate Share of the Net Pension Liability – Municipal Employees' Retirement System on page 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 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 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 Authority'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 Authority's internal control over financial reporting and compliance.

RSM US LLP

Hartford, Connecticut
December 16, 2022

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 (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 (the 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 majority of these bonds were refinanced in 2014.

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 GNHWPCA 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 in accordance with accounting principles generally accepted in the United States of America.

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 and cash equivalents 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 participation in the State of Connecticut Municipal Employees' Retirement System.

THE GNHWPCA BUSINESS

The GNHWPCA was created pursuant to Sections 22a-500 to 22a-519, inclusive, of the 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 25 million gallons per day, with a wet weather capacity of 100 million gallons per day.

The Authority is responsible for the day-to-day management of the operations of the Treatment Plant and Collection System. Currently, the Authority contracts out for the maintenance of the system and for the operation of the incinerator through two (2) long-term contracts (Note 10).

The Authority currently has 61 full time equivalent employees.

FINANCIAL HIGHLIGHTS

Condensed Statements of Revenues, Expenses and Changes in Net Position

(Dollars in Thousands)	Years ended June 30, 2022	2021	2020	Dollar Variance 22 vs. 21	21 vs. 20	Percentage Variance 22 vs. 21	21 vs. 20
Operating revenues	$ 45,930	$ 46,111	$ 45,361	$ (181)	$ 750	(0.4%)	1.7%
Operating expenses	25,164	26,577	26,861	(1,413)	(284)	(5.3%)	(1.1%)
Depreciation and amortization	10,556	10,346	10,121	210	225	2.0%	2.2%
Total operating expenses, including depreciation	35,720	36,923	36,982	(1,203)	(59)	(3.3%)	(0.2%)
Operating income	10,210	9,188	8,379	1,022	809	11.1%	9.7%
Nonoperating (expense) income	(3,737)	(2,693)	(3,861)	(1,044)	1,168	38.8%	(30.3%)
Capital grants	690	1,442	4,939	(752)	(3,497)	(52.1%)	(70.8%)
Change in net position	$ 7,163	$ 7,937	$ 9,457	$ (774)	$ (1,520)	(9.8%)	(16.1%)

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

Operating Revenues

Operating revenue of $45.9 million for fiscal year 2022 represents a decrease of $0.2 million or 0.4% compared to $46.1 million in operating revenues for fiscal year 2021. The decrease in operating revenue is primarily attributed to a decrease in billable consumption offset by a rate increase of $0.11 per centum cubic feet (CCF) from fiscal year 2021 to 2022, and a decrease in the collection of connection fees.

Operating revenue of $46.1 million for fiscal year 2021 represents an increase of $0.75 million or 1.7% compared to $45.4 million in operating revenues for fiscal year 2020. The increase in operating revenue is primarily attributed to a rate increase of $0.11 per centum cubic feet (CCF) from fiscal year 2020 to 2021.

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, including depreciation and amortization for fiscal year 2022, decreased to $35.7 million, a decrease of $1.2 million over fiscal year 2021, with a total of $36.9 million. The decrease is mainly due to a decrease in retirement fund expenses offset by increases to utilities.

Operating expenses, including depreciation and amortization for fiscal year 2021, decreased to $36.9 million, a decrease of $0.1 million over fiscal year 2020, with a total of $37 million. The decrease is mainly due to a decrease in expenses for Utilities & Waste & Ash Disposal.

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 income and (expenses) in fiscal year 2022 increased $1 million, or 38%, from $2.7 million in fiscal year 2021. The increase in non-operating income and (expenses) is related to an increase in interest expense paid on outstanding debt. The non-operating expense of $3.7 million is comprised of interest expense, net of interest income received.

Non-operating income and (expenses) in fiscal year 2021 decreased $1.2 million, or (30%), from $3.9 million in fiscal year 2020. The decrease in non-operating income and (expenses) is related to a decrease in interest expense paid on outstanding debt and saving due to the 2020 Series Refunding Bond. The non-operating expense of $2.7 million is comprised of interest expense, net of interest income received.

Condensed Statements of Net Position

(Dollars in Thousands)	June 30,			Dollar Variance		Percentage Variance	
	2022	2021	2020	22 vs. 21	21 vs. 20	22 vs. 21	21 vs. 20
Assets							
Current assets	$ 59,575	$ 53,740	$ 57,566	$ 5,835	$ (3,826)	10.9%	(6.6%)
Capital assets, net	233,748	234,278	234,061	(530)	217	(0.2%)	0.1%
Noncurrent assets							
Restricted assets	17,949	18,399	13,816	(450)	4,583	(2.4%)	33.2%
Other	4,884	6,421	7,675	(1,537)	(1,254)	(23.9%)	(16.3%)
Total assets	316,156	312,838	313,118	3,318	(280)	1.1%	(0.1%)
Deferred outflows of resources	9,525	12,497	8,762	(2,972)	3,735	(23.8%)	42.6%
Liabilities							
Current liabilities	18,111	16,150	16,872	1,961	(722)	12.1%	(4.3%)
Noncurrent liabilities	140,216	152,582	156,673	(12,366)	(4,091)	(8.1%)	(2.6%)
Total liabilities	158,327	168,732	173,545	(10,405)	(4,813)	(6.2%)	(2.8%)
Deferred inflows of resources	4,018	432	101	3,586	331	830.1%	327.7%
Net position							
Net investment in capital assets	110,440	107,384	98,947	3,056	8,437	2.8%	8.5%
Restricted	7,842	7,563	3,323	279	4,240	3.7%	127.6%
Unrestricted	43,978	40,149	44,889	3,829	(4,740)	9.5%	(10.6%)
Unrestricted – designated	1,076	1,076	1,076	-	-	0.0%	0.0%
Total net position	$ 163,336	$ 156,172	$ 148,235	$ 7,164	$ 7,937	4.6%	5.4%

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

Current Assets

The increase of $5.8 million in current assets between fiscal year 2022 and fiscal year 2021 resulted primarily from the year-end positioning of non-restricted cash and an increase in receivables from customer billings.

The decrease of $3.8 million in current assets between fiscal year 2021 and fiscal year 2020 resulted primarily from the year-end positioning of non-restricted cash, shift of cash from non-restricted cash to restricted cash to fund debt service reserve account and debt service payments.

Capital Assets

The Authority's investment in capital assets as of June 30, 2022, amounted to $233,748,433 (net of accumulated depreciation). This investment in capital assets is attributable to additions to equipment and sanitary sewer infrastructure, such as repairs and replacement of equipment, facility upgrades to the wastewater treatment facility, pump station rehabilitations and the renewal or replacement of the wastewater collection system.

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 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.

The Authority's investment in capital assets as of June 30, 2021, amounted to $234,278,363 (net of accumulated depreciation). This investment in capital assets is attributable to additions to equipment and sanitary sewer infrastructure, such as repairs and replacement of equipment, facility upgrades to the wastewater treatment facility, pump station rehabilitations and the renewal or replacement of the waste water collection system.

Restricted Assets

The term "restricted assets" refers primarily to certain funds established under various bond indentures whose use is restricted for the following purposes:

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

The decrease of $0.4 million in restricted assets between fiscal year 2021 and fiscal year 2022 is due to a decrease in the construction fund used during FY22 for capital projects.

The increase of $4.6 million in restricted assets between fiscal year 2020 and fiscal year 2021 is due to an increase to the Debt Service Reserves Fund related to the 2020 Revenue bond refunding and shift from non-restricted cash to the debt service fund for used to pay principal and interest debt service payments.

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 $1.5 million, or (23.9%), to $4.8 million from $6.4 million for fiscal year 2022. The decrease is directly related to the increase of the long-term portion of the receivable from the City of New Haven due to new CWF loan obligation, offset by the decrease in the long-term portion of the receivable from contract operator settlement.

Other non-current assets decreased $1.3 million, or (16%), to $6.4 million from $7.7 million for fiscal year 2021. The decrease is directly related to the decrease of the long-term portion of the receivable from the City of New Haven and the decrease in the long-term portion of the receivable from contract operator settlement.

Current Liabilities

The increase of $2.0 million in current liabilities from fiscal year 2021 to fiscal year 2022 is primarily attributed to an increase in accounts payable and accrued expenses of $1.9 million, and an increase of the current portion in long term debt in the amount of $0.1 million.

The decrease of $0.7 million in current liabilities from fiscal year 2020 to fiscal year 2021 is primarily attributed to a decrease in accounts payable and accrued expenses of $1.3 million, offset by an increase of the current portion in long term debt in the amount of $0.6 million.

Non-Current Liabilities

Non-current liabilities decreased by $12.4 million from fiscal year 2021 to fiscal year 2022. This is primarily due to a decrease in net pension liability of $5.3 million and by a reduction of long-term debt payable of $7 million on June 30, 2022. Additional information on non-current liabilities is presented in Note 6, Note 9, and Note 11.

Non-current liabilities decreased by $4.1 million from fiscal year 2020 to fiscal year 2021. This is primarily due to an increase in net pension liability of $2.1 million, offset by a reduction of long-term debt payable of $6.3 million on June 30, 2021. Additional information on non-current liabilities is presented in Note 6 and Note 9.

Net Position

As of June 30, 2022, the largest portion of the GNHWPCA's net position of $163.3 million, 67%, or $110 million, reflects our 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, $7.8 million, represents resources that are subject to external restrictions to the requirement of the indenture. The remaining balance of the unrestricted net position, $44 million, may be used to meet the Authority's ongoing obligations, and $1.1 million has been designated for future debt service.

Total net position increased by $7.1 million, or 4.6%, to $163.3 million for fiscal year 2022 from $156.2 million in fiscal year 2021 because of operations and the Authority's investment in capital assets.

As of June 30, 2021, the largest portion of the GNHWPCA's net position of $156.2 million, 69%, or $107 million, reflects our 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, $7.6 million, represents resources that are subject to external restrictions to the requirement of the indenture. The remaining balance of the unrestricted net position, $40.1 million, may be used to meet the Authority's ongoing obligations, and $1.1 million has been designated for future debt service.

Total net position increased by $7.9 million, or 5%, to $156.2 million for fiscal year 2021 from $148.2 million in fiscal year 2020 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 201,000 users; the customer base is primarily residential and commercial. Of its approximately 50,000 customers, 46,500 are residential and approximately 3,500 are commercial, industrial and public authorities.

LIQUIDITY AND CAPITAL RESOURCES

In fiscal year 2022, the Authority generated $45.9 million in total operating revenues and $0.45 million from investment and other earnings. These amounts were used to pay operations and maintenance of $25.2 million, and to fund debt service of $13.3 million ($9.3 million principal and $4 million interest).

In fiscal year 2021, the Authority generated $46.1 million in total operating revenues and $0.5 million from investment and other earnings. These amounts were used to pay operations and maintenance of $26.6 million, and to fund debt service of $13.6 million ($9.4 million principal and $4.2 million interest).

The Authority funds its program of capital improvements largely through debt financing and capital contributions from the CWF Program, and through the issuance of revenue bonds.

CREDIT RATING

GNHWPCA's credit ratings for its bonds are AA+ by Standard & Poor's, AA by Fitch Investors Service and A1 by Moody's.

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 and 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, 2022 and 2021

		2022		2021
Assets				
Current assets:				
Cash and cash equivalents	**$**	**50,537,451**	$	44,657,883
Accounts receivable, less allowance for doubtful accounts of $4,501,745 and $3,999,049 in 2022 and 2021, respectively		**7,917,301**		8,018,137
City of New Haven receivable		**872,728**		910,702
Other current assets		**247,988**		153,617
Total current assets, prior year as restated		**59,575,468**		53,740,339
Noncurrent assets:				
Restricted assets (Notes 2 and 5)		**17,948,658**		18,398,691
Due from settlement		**-**		631,396
City of New Haven receivable		**4,759,468**		5,629,839
Lease assets		**124,648**		160,028
Capital assets, net of accumulated depreciation and amortization		**233,748,432**		234,278,368
Total noncurrent assets		**256,581,206**		259,098,322
Total assets		**316,156,674**		312,838,661
Deferred Outflows of Resources				
Deferred pension expense		**3,523,588**		5,804,344
Deferred amounts on refunding		**6,001,638**		6,692,498
Total deferred outflows of resources		**9,525,226**		12,496,842
Liabilities				
Current liabilities:				
Accounts payable		**4,109,919**		2,225,187
Accrued interest		**959,508**		983,019
Accrued expenses		**2,531,466**		2,524,156
Retainage payable		**234,066**		222,017
Current portion of long-term debt		**9,450,841**		9,349,638
Contribution payable to state		**786,928**		836,111
Lease liabilities, current portion		**38,636**		9,768
Total current liabilities		**18,111,364**		16,149,896
Noncurrent liabilities:				
Net pension liability		**8,251,011**		13,559,131
Lease liabilities, less current portion		**86,012**		150,260
Long-term debt, less current portion		**131,879,442**		138,872,433
Total noncurrent liabilities		**140,216,465**		152,581,824
Total liabilities		**158,327,829**		168,731,720
Deferred Inflows of Resources				
Deferred pension credit		**4,018,409**		431,750
Total deferred inflows of resources		**4,018,409**		431,750
Net Position				
Net investment in capital assets		**110,439,882**		107,383,519
Restricted:				
Debt service		**5,896,672**		5,828,292
Escrow		**1,945,404**		1,735,089
Unrestricted		**43,977,841**		40,149,270
Unrestricted – designated for debt service reserve		**1,075,863**		1,075,863
Total net position	**$**	**163,335,662**	$	156,172,033

See notes to financial statements.

Greater New Haven Water Pollution Control Authority

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Residential	$ 30,806,182	$ 28,948,625
Commercial and industrial	10,483,369	11,797,399
Municipal	1,695,526	1,904,319
Delinquent interest and lien fees	1,341,809	1,129,776
Outside sludge disposal	294,066	278,799
Other	1,811,755	2,384,985
Provision for bad debts	(502,697)	(332,429)
Total operating revenues	45,930,010	46,111,474
Operating expenses:		
Operation and maintenance	25,164,090	26,577,403
Depreciation and amortization	10,555,727	10,346,112
Total operating expenses	35,719,817	36,923,515
Operating income	10,210,193	9,187,959
Nonoperating income (expense):		
Other income	125,393	141,731
Interest income	319,800	325,930
Interest expense	(4,181,756)	(2,806,081)
Bond issuance costs	-	(355,013)
Total nonoperating expense	(3,736,563)	(2,693,433)
Income before capital contributions	6,473,630	6,494,526
Capital contributions	689,999	1,442,369
Change in net position	7,163,629	7,936,895
Net position, beginning of year	156,172,033	148,235,138
Net position, end of year	$ 163,335,662	$ 156,172,033

See notes to financial statements.

Greater New Haven Water Pollution Control Authority

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

		2022		2021
Cash flows from operating activities:				
Receipts from customers and users	$	46,162,242	$	45,307,878
Payments to suppliers		(13,587,037)		(16,259,822)
Payments to employees		(9,257,219)		(8,842,157)
Net cash provided by operating activities		23,317,986		20,205,899
Cash flows from capital and related financing activities:				
Proceeds from notes payable and interim obligations		2,925,009		32,521,359
Principal payments on debt (includes paydown/defeasance of $9,349,625 and $26,830,000 in 2022 and 2021, respectively)		(9,349,625)		(36,221,393)
Interest paid on debt		(3,981,579)		(8,972,436)
Bond issuance costs paid		-		(355,013)
Proceeds from City of New Haven		908,345		958,180
Proceeds from settlement		500,000		500,000
Proceeds received from capital contributions		591,913		1,442,369
Acquisition and construction of capital assets		(9,927,704)		(10,563,750)
Net cash used in capital and related financing activities		(18,333,641)		(20,690,684)
Cash flows provided by non-capital activities:				
Other income		125,393		141,731
Cash flows provided by investing activities:				
Interest received		319,800		325,930
Net increase (decrease) in cash and cash equivalents		5,429,538		(17,124)
Cash and cash equivalents:				
Beginning		57,160,071		57,177,195
Ending	$	62,589,609	$	57,160,071
Reported on statements of net position as follows:				
Unrestricted cash and cash equivalents	$	50,537,451	$	44,657,883
Restricted cash	$	12,052,158	$	12,502,191
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	10,210,193	$	9,187,959
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		10,555,727		10,346,112
Loss (credit) for bad debts		502,697		332,429
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable		(270,465)		(1,136,025)
(Increase) decrease in other assets		(94,371)		(14,133)
Increase in accounts payable and retainage		1,896,783		(1,209,375)
Increase (decrease) in other liabilities		(5,357,303)		2,039,447
(Increase) decrease in deferred outflows of resources - deferred pension		2,280,756		56,702
Decrease in deferred inflows of resources		3,586,659		331,026
Increase in accrued expenses		7,310		271,757
Net cash provided by operating activities	$	23,317,986	$	20,205,899
Noncash investing, capital and financing activities:				
City of New Haven share of Clean Water Fund	$	-	$	-

See 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 of Connecticut (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 (Statutes), as amended (the Act). The GNHWPCA was created pursuant to the Act by concurrent ordinances of the City of New Haven (City) and the Towns of Hamden, East Haven and Woodbridge (collectively, 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 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 generally accepted in the United States of America (GAAP) 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 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 (the 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.

<u>Significant accounting policies are as follows</u>:

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

Accounting estimates: The preparation of financial statements in accordance with GAAP 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 cash equivalents with an original maturity of three months or less when purchased to be cash equivalents.

Restricted assets: Certain assets are classified as restricted because their use is subject to constraints imposed by creditors. Restricted cash and investments are to be used for debt service, debt service reserves, construction, maintenance escrow and solids handling sinking funds.

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.

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

City of New Haven receivable: The Authority has a receivable from the City with respect to a cost sharing agreement entered in conjunction with the State Department of Energy and Environmental Protection's (DEEP) approved long-term control plan for the CWF Program. Under the terms of the cost sharing agreement, the City agreed to reimburse the GNHWPCA for 40% of the debt service costs associated with the funding received.

Due from settlement: The Authority has a receivable related to a settlement of a lawsuit with a former contract operator. Installment payments relating to this settlement will be made through 2023.

Capital assets: Property, plant and equipment are stated at cost when purchased and acquisition 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

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.

Lease asset: The Authority is the lessee for noncancellable leases of equipment. The Authority has recognized an intangible right-to-use lease asset (lease asset) financial statements.

The lease asset is measured at the start of the lease as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the Authority is reasonable certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with depreciable/amortizable on the statement of net position.

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

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 and amortization, 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.

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 previous calendar 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 CWF Program, contributions received from the City under a cost-sharing agreement for CWF projects and contributions received from the State 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% of their unused vacation and unused sick leave, up to 90 days. Such balances are recorded as a component of accrued expenses in the statements of net position. Vested sick leave and accumulated vacation leave is recognized as an expense, and liability as the benefits accrue to employees.

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

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. The Authority is a participant in the State's multi-employer pension plan and, accordingly, reports its proportionate share of the State's plan's pension liability on its financial statements.

Deferred outflows/inflows of resources: In addition to assets, the statements 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 that applies to a future period or periods, and so will not be recognized as an outflow of resources expense until then. The Authority reports a deferred charge on refunding and deferred outflows related to pension in the statements 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. These amounts are deferred and included in pension expense in a systematic and rational manner.

In addition to liabilities, the statements 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 statements 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.

Lease liability: The Authority is the lessee for a noncancellable leases of equipment. The Authority has recognized a lease liability in the financial statements.

At the commencement of the lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The Authority adopted GASB Statement No. 87, *Leases* for the fiscal year ending June 30, 2022. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Authority must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The implementation of this standard resulted in the Authority recording a lease asset and lease liability and reclassifying lease expenditures into amortization and interest expense. The implementation of this standard also resulted in certain additional disclosures.

Note 2. Cash, Cash Equivalents and Investments

Deposits: The GNHWPCA's custodial credit risk policy for deposits conforms to the State 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 the 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 or political subdivision rated within the top three rating categories of any nationally recognized rating service.

Investments in guaranteed investment contracts (GIC) are recorded at contract value, which approximate fair value, and are not part of the fair value hierarchy. The value of the GIC for both June 30, 2022 and 2021, are as follows:

Investment at contract value:	
Guaranteed investment contract	$ 5,896,500

The balance of the GIC is recorded within the restricted assets line of the statements of net position.

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 GIC 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 GIC 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 GIC 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, 2022 and 2021, $22,413,197 and $22,978,412 of the GNHWPCA's bank balance of $63,095,645 and $57,507,001, respectively, was uninsured and uncollateralized.

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.

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

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

	2022		
	Unrestricted	Restricted	Total
Deposits	$ 50,537,451	$ 12,052,158	$ 62,589,609
Guaranteed investment contract	-	5,896,500	5,896,500
	$ 50,537,451	$ 17,948,658	$ 68,486,109

	2021		
	Unrestricted	Restricted	Total
Deposits	$ 44,657,883	$ 12,502,191	$ 57,160,074
Guaranteed investment contract	-	5,896,500	5,896,500
	$ 44,657,883	$ 18,398,691	$ 63,056,574

Note 3. Receivable

The Authority has a receivable from the City with respect to a cost sharing agreement entered in conjunction with the DEEP's approved long term control plan for the CWF Program. Under the terms of the cost sharing agreement, the City agreed to reimburse the GNHWPCA for 40% of the debt service costs associated with the funding received. Included in the balance at June 30, 2022, are certain outstanding obligations assumed pursuant to the Agreement. The terms associated with this receivable mirror the underlying terms of the CWF obligations of the GNHWPCA. The total receivable at June 30, 2022 was $5,632,196, of which $872,728 is current. The total receivable at June 30, 2021, was $6,540,541, of which $910,702 is current. The City made principal payments of $908,345 and $955,180 during the years ended June 30, 2022 and 2021, respectively.

The Authority has a receivable of $631,396, of which $631,396 is current, related to a $6,000,000 settlement of a lawsuit with a former contract operator as of June 30, 2022. The Authority also had a receivable of approximately $1,131,396, of which $500,000 was current related to a $6,000,000 settlement of a lawsuit with a former contract operator as of June 30, 2021. Installment payments relating to this settlement will be made through 2023.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 3,021,750	$ 28,612	$ -	$ -	$ 3,050,362
Construction in progress	9,228,390	7,214,670	(54,768)	(4,960,222)	11,428,070
Total capital assets, not being depreciated	12,250,140	7,243,282	(54,768)	(4,960,222)	14,478,432
Capital assets, being depreciated:					
Buildings and improvements	53,582,871	391,358	-	3,059,897	57,034,126
Machinery and equipment	103,426,173	1,119,134	-	1,656,100	106,201,407
Furniture and fixtures	3,997,412	14,664	-	244,225	4,256,301
Infrastructure	152,825,173	1,213,972	-	-	154,039,145
Vehicles	1,783,556	62,769	-	-	1,846,325
Total capital assets, being depreciated	315,615,185	2,801,897	-	4,960,222	323,377,304
Less accumulated depreciation for:					
Buildings and improvements	22,773,843	1,915,790	-	-	24,689,633
Machinery and equipment	32,535,714	5,193,595	-	-	37,729,309
Furniture and fixtures	3,395,486	162,053	-	-	3,557,539
Infrastructure	33,506,016	3,082,421	-	-	36,588,437
Vehicles	1,375,898	166,488	-	-	1,542,386
Total accumulated depreciation	93,586,957	10,520,347	-	-	104,107,304
Total capital assets, being depreciated, net	222,028,228	(7,718,450)	-	4,960,222	219,270,000
Total capital assets, net	$ 234,278,368	$ (475,168)	$ (54,768)	$ -	$ 233,748,432

Capital assets activity for the year ended June 30, 2021, was as follows:

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 3,021,750	$ -	$ -	$ -	$ 3,021,750
Construction in progress	4,984,187	7,211,142	(65,134)	(2,901,805)	9,228,390
Total capital assets, not being depreciated	8,005,937	7,211,142	(65,134)	(2,901,805)	12,250,140
Capital assets, being depreciated:					
Buildings and improvements	52,803,688	779,183	-	-	53,582,871
Machinery and equipment	101,619,091	1,345,484	-	461,598	103,426,173
Furniture and fixtures	3,889,688	76,864	-	30,860	3,997,412
Infrastructure	149,405,837	1,009,989	-	2,409,347	152,825,173
Vehicles	1,583,830	206,226	(6,500)	-	1,783,556
Total capital assets, being depreciated	309,302,134	3,417,746	(6,500)	2,901,805	315,615,185
Less accumulated depreciation for:					
Buildings and improvements	20,974,049	1,799,794	-	-	22,773,843
Machinery and equipment	27,480,882	5,054,832	-	-	32,535,714
Furniture and fixtures	3,140,389	255,097	-	-	3,395,486
Infrastructure	30,447,875	3,058,141	-	-	33,506,016
Vehicles	1,204,151	178,247	(6,500)	-	1,375,898
Total accumulated depreciation	83,247,346	10,346,111	(6,500)	-	93,586,957
Total capital assets, being depreciated, net	226,054,788	(6,928,365)	-	2,901,805	222,028,228
Total capital assets, net	$ 234,060,725	$ 282,777	$ (65,134)	$ -	$ 234,278,368

Note 5. Restricted Assets

Pursuant to the 2005 Series A Bond Indenture and the Agreement, the 2008 Series A Bond Indenture, 2012 Series B Revenue Bond Indenture, the 2014 Series B Revenue Bond, the 2016 Series A Revenue Bond and the 2020 Series B Revenue Bond, as well as certain legal settlements, certain funds are required to be maintained for purposes specified in the applicable agreement.

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

	2022	2021
Debt service reserve fund – Revenue Bonds and CWF*	$ 10,106,583	$ 10,126,631
Unspent construction funds from Revenue Bonds*	-	708,679
Debt service fund	5,896,672	5,828,292
Solids handling maintenance escrow	1,878,903	1,668,589
Maintenance escrow	66,500	66,500
	$ 17,948,658	$ 18,398,691

∗ 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 Reserve Fund Balance	DRSF Requirement*	Indenture
2005 Series A Rev Bonds	$ 325,000	$ 333,125	$ 32,500	10% **	1st
2007 Series A CWF 563-DC	8,961,758	548,910	291,411	50%	3rd
2007 Series C CWF Consolidated	20,560,842	2,199,723	1,149,908	50%	6th
2007 Series E CWF 463-CD1	934,984	61,896	32,860	50%	8th
2008 Series B (CREBS)	2,500,000	168,792	168,931	100%	10th
2009 Series C CWF 206-CSL	3,952,524	237,710	124,264	50%	13th
2011 Series D CWF 581-C1	6,121,755	368,171	64,153	2 months *	16th
2012 Series B Rev Bonds	955,000	253,750	72,560	10% **	18th
2013 Series A CWF 627-C	656,236	39,467	6,877	2 months *	20th
2013 Series C CWF 441-D	3,571,120	214,772	37,418	2 months *	22nd
2013 Series D CWF 581-C2	6,276,714	377,490	65,768	2 months *	23rd
2014 Series B Rev Bond Refunding	41,990,000	5,495,100	4,264,070	10% **	25th
2016 Series A Rev Bond Refunding	15,550,000	1,055,150	1,055,717	100%	27th
2016 Series B CWF 676-C	3,160,728	190,091	33,113	2 Months *	28th
2017 Series A CWF 441-C	43,656,934	518,348	538,133	2 Months *	29th
2020 Series A CWF 711-DC	5,146,207	59,146	59,225	2 Months *	31st
2020 Series B Rev Bond refunding	32,000,000	5,291,830	2,109,675	125% ***	32nd
Total	$ 196,319,802	$ 17,413,471	$ 10,106,583		

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

Note 6. Long-Term Debt

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

		2022		2021
2005 Series A Revenue Bonds				
$26,085,000 Term Bonds, issued August 2005, interest payable semi-annually at 5.0%, due August 15, 2035.	$	325,000	$	325,000
2008 Series B Clean Renewable Energy Bonds (CREBs)				
$2,500,000 Term Bonds, issued April 2008, interest payable quarterly at 3.3% to 5.73%, due in annual principal amounts beginning December 2008, of $166,667, through December 2022.		166,666		333,334
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.		725,000		955,000
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.		21,290,000		24,085,000
$15,245,000 Term Bond, issued July 2014, interest payable semi-annually at 4.00%, due August 15, 2035.		15,245,000		15,245,000
2016 Series A Revenue Refunding Bonds				
$15,550,000 of Revenue Bonds, issued March 8, 2016. The bonds bear interest of 3.00% to 5.00%, and mature from March 8, 2017 to November 15, 2037.		12,790,000		13,330,000
2020 Series B Revenue Refunding Bonds				
$32,000,000 of Revenue Bonds, issued July 1, 2020. The bonds bear interest of 0.750% to 2.10%, and mature from August 15, 2020 to August 15, 2042.		30,800,000		31,350,000
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).		3,061,230		4,473,616
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).		1,430,372		1,637,227
Subtotal		85,833,268		91,734,177

(Continued)

Note 6. Long-Term Debt (Continued)

	2022	2021
Subtotal carried forward	$ 85,833,268	$ 91,734,177
Notes Payable and Other (Continued)		
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).	2,875,706	3,183,023
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).	2,075,925	2,247,316
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).	3,724,587	4,024,329
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.	368,166	399,925
State of Connecticut Clean Water Fund obligation, due in monthly principal payments amounts of $10,854 to $15,814, plus interest of 2%, through 2036.	2,307,511	2,449,904
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of $186,568, plus interest at 2% (a).	33,022,553	35,261,370
State of Connecticut Clean Water Fund obligations, due in monthly principal payments amounts of $21,443, plus interest at 2%, through 2039 (a).	4,481,489	4,738,799
State of Connecticut Clean Water Fund Interim obligations, bearing interest at 2% (a)	3,446,369	521,359
Total long-term debt	138,135,574	144,560,202
Unamortized bond premium	3,194,709	3,661,869
	141,330,283	148,222,071
Less current portion	9,450,841	9,349,638
	$ 131,879,442	$ 138,872,433

(a) Pursuant to the Agreement, the GNHWPCA assumed outstanding obligations in connection with the CWF Program approved long-term control program. Additionally, the GNHWPCA entered into a cost-sharing agreement with the City with respect to CWF Program obligations issued to the GNHWPCA.

The 2005 Series A 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. Amounts were refunded with the Series B 2014 Revenue Bonds, leaving $325,000 due as of June 30, 2022.

Note 6. Long-Term Debt (Continued)

The 2012 Series B 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 2014 Series B 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.

The 2016 Series A 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 $15,550,000 Term Bond, the annual date of redemption begins on November 15, 2026.

Additionally, the 2005, 2008, 2012, 2014 and 2016 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, 2022, are as follows:

	Principal	Interest	Total
2023	$ 9,450,841	$ 3,692,848	$ 13,143,689
2024	12,646,416	3,429,231	16,075,647
2025	8,959,146	3,166,087	12,125,233
2026	8,703,988	2,875,013	11,579,001
2027	8,837,418	2,582,298	11,419,716
2028-2032	45,828,173	9,091,924	54,920,097
2033-2037	39,862,757	3,304,295	43,167,052
2038-2042	3,451,835	229,533	3,681,368
2043-2047	395,000	5,925	400,925
Total	$ 138,135,574	$ 28,377,154	$ 166,512,728

The activity for long-term liabilities for the year ended June 30, 2022, was as follows:

	2022				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	$ 85,623,336	$ -	$ 4,281,670	$ 81,341,666	$ 4,466,666
Notes payable	58,415,507	-	5,067,967	53,347,540	4,984,175
Interim obligations	521,359	2,925,009	-	3,446,368	-
Net pension liability	13,559,131	-	5,308,120	8,251,011	-
Lease Liability	124,648		38,636	86,012	38,636
Total long-term liabilities	$ 158,243,981	$ 2,925,009	$ 14,696,393	$ 146,472,597	$ 9,489,477

Note 6. Long-Term Debt (Continued)

The activity for long-term liabilities for the year ended June 30, 2021, was as follows:

	2021				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	$ 84,664,999	$ 32,000,000	$ 31,041,663	$ 85,623,336	$ 4,281,668
Notes payable	63,595,233	-	5,179,726	58,415,507	5,067,970
Interim obligations	-	521,359	-	521,359	-
Net pension liability	11,470,501	2,088,630	-	13,559,131	-
Lease liability, beginning balance as restated	160,028	-	35,380	124,648	35,380
Total long-term liabilities	$ 159,890,761	$ 34,609,989	$ 36,256,769	$ 158,243,981	$ 9,385,018

Advance refunding: On June 17, 2020, the Authority authorized the issuance of $32 million in revenue refunding bonds, 2020 Series B. Amounts were refunded with the Series B 2020 Revenue Bonds, leaving $30,800,000 due as of June 30, 2022.

Note 7. Interest Cost

The total interest cost incurred during the years ended June 30, 2022 and 2021, was $4,181,756 and $3,161,094, 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.

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's Municipal Employees' Retirement System (CMERS or the System). 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. Chapters 7-425 to 7-451 Part II of the Statutes, which can be amended by legislative action, establishes CMERS benefits, member contribution rates and other plan provisions. CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

Contributions – by members: For members not covered by Social Security: 5.0% of compensation. For members covered by Social Security: 2.25% of compensation up to the Social Security taxable wage base plus 5.0% of compensation, if any, in excess of such base.

Note 9. Retirement Plan (Continued)

Contributions – by employer: Participating employers 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. In addition, there is also an administrative fee per active and retired member.

Benefit provisions: Plan provisions are set by Statute. CMERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments.

Service retirement allowance:

Condition for allowance: Age 55 and five years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

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: 1.5% 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.

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.

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: Five 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.

Note 9. Retirement Plan (Continued)

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 their retirement allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

1. A reduced retirement allowance payable during their life with the provision that, after their death, the beneficiary designated by the member at the time of retirement; or

2. A reduced retirement allowance payable during their life with the provision that, after their death, an allowance of one-half of their reduced allowance will be continued for life to the beneficiary designated by the member at the time of retirement;

3. A reduced retirement allowance payable during their life with a guarantee of 120 or 240 monthly payments to the member or their designated beneficiary.

Cost-of-living adjustment (COLA): 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 in 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%.

Note 9. Retirement Plan (Continued)

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

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Market Value on the measurement date. Plan's fiduciary net position also includes the present value of receivable initial liability payments established by participating employers upon entry into CMERS.
Investment rate return*	7%, net of investment related expense
Projected salary increases*	3.5-10%, including inflation
Mortality rates	For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgement.
Future cost-of-living	Future COLA for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20%	5.3%
Developed Market International	11%	5.1%
Emerging Market International	9%	7.4%
Core Fixed Income	16%	1.6%
Inflation Linked Bonds	5%	1.3%
Emerging Market Debt	5%	2.9%
High Yield Bond	6%	3.4%
Real Estate	10%	4.7%
Private Equity	10%	7.3%
Alternative Investments	7%	3.2%
Liquidity Fund	1%	0.9%
	100%	

Discount rate: The discount rate used to measure the total pension liability was 7%. 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 7%, 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 (6%) or 1-percentage-point higher (8%) than the current rate:

Sensitivity of net pension liability as of June 30, 2022:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net pension liability	$ 13,865,437	$ 8,251,011	$ 3,279,195

Note 9. Retirement Plan (Continued)

Sensitivity of net pension liability as of June 30, 2021:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net pension liability	$ 19,281,050	$ 13,559,131	$ 8,747,974

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources: At June 30, 2022, the GNHWPCA reported a liability of $8,251,011 for its proportionate share of the net pension liability related to its participation in CMERS. The net pension liability was measured as of June 30, 2022, 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 CMERS for fiscal year 2021, relative to the total expected contributions of all participating employers for that fiscal year. At June 30, 2022 and 2021, GNHWPCA's proportion was 4.404064% and 4.544409%, respectively.

For the year ended June 30, 2022, GNHWPCA recognized pension expense of $1,786,047. At June 30, 2022, 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	$ 968,965	$ (303,933)
Net difference between projected and actual investments earnings	-	(3,544,159)
Change in proportion and differences between employer contributions and proportionate share of contributions	248,316	(170,317)
Contributions subsequent to the measurement date	1,236,065	-
Change of assumptions	1,070,242	-
Total	$ 3,523,588	$ (4,018,409)

For the year ended June 30, 2021, GNHWPCA recognized pension expense of $3,191,668. At June 30, 2021, 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	$ 605,655	$ (428,497)
Net difference between projected and actual investments earnings	1,540,702	-
Change in proportion and differences between employer contributions and proportionate share of contributions	370,624	(3,253)
Contributions subsequent to the measurement date	1,044,513	-
Change of assumptions	2,242,850	-
Total	$ 5,804,344	$ (431,750)

Note 9. Retirement Plan (Continued)

As of June 30, 2022, $1,236,065 was reported as deferred outflows of resources related to pensions resulting from the GNHWPCA's contributions in fiscal year 2022, subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2023	$ 787,673
2024	(609,106)
2025	(782,561)
2026	(1,126,892)

The GNHWPCA also recognized a contribution payable to the State of $786,928 and $836,111 at June 30, 2022 and 2021, respectively. Such amounts are recorded as a component of accounts payable in the statements of net position.

Note 10. Commitments and Contingencies

The Authority executed a 15-year Maintenance Services Agreement with New Haven Residuals, LP, now referred to as Synagro (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 if project expense limit exceed $2,000,000; and
- 50% of the revenues collected by the GNHWPCA from the Fats, Oils and Greases Facility.
- The GNHWPCA is responsible for all utility costs except for natural gas for the maintenance building.

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, 2022, the Authority paid operations and maintenance fees totaling $2,104,572, compared to $2,129,976 for fiscal year ended June 30, 2021.

Note 10. Commitments and Contingencies (Continued)

The GNHWPCA executed a new 10 year extension on August 25, 2014, with their maintenance contractor 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. As of July 1, 2022 and 2021, the Service Fee was $379.16 and $368.50, respectively, per dry ton, 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. As of July 1, 2016, Synagro is responsible for any capital projects costing less than $50,000, and the GNHWPCA is not required to contribute to sinking funds, making the expected annual sinking fund payment approximately $250,000.

At June 30, 2022 and 2021, the GNHWPCA has $234,066 and $222,017, respectively, of unbilled, ongoing contracts for construction and improvements of its sewer systems. Funding for these projects is primarily being provided by the CWF in the form of loans and grants, and through excess revenue bond proceeds.

Note 11. Leases Payable

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On February 9, 2009, Greater New Haven WPCA (Regional Authority), CT entered into a 104 month lease as Lessee for the use of Dark Fiber. An initial lease liability was recorded in the amount of $29,747. As of June 30, 2022, the value of the lease liability is $23,136.. Greater New Haven WPCA (Regional Authority), CT is required to make annual fixed payments of $3,900. The lease has an interest rate of 3.44%. The Other estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022, of $29,747 with accumulated amortization of $6,610., is included with Other on the Lease Class activities table found below.

On October 28, 2019, Greater New Haven WPCA (Regional Authority), CT entered into a 27 month lease as Lessee for the use of Floor Mats. An initial lease liability was recorded in the amount of $6,721. As of June 30, 2022, the value of the lease liability is $2,241. Greater New Haven WPCA (Regional Authority), CT is required to make monthly fixed payments of $209. The lease has an interest rate of 3.44%. The Other estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022, of $6,721, with accumulated amortization of $4,480, is included with Other on the Lease Class activities table found below. Greater New Haven WPCA (Regional Authority), CT has one extension option for 36 months.

Note 11. Leases Payable (Continued)

On July 1, 2020, Greater New Haven WPCA (Regional Authority), CT entered into a 60 month lease as Lessee for the use of Employee Uniforms. An initial lease liability was recorded in the amount of $149,173. As of June 30, 2022, the value of the lease liability is $99,270. Greater New Haven WPCA (Regional Authority), CT is required to make monthly fixed payments of $2,100. The lease has an interest rate of 3.44%. The Other estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022, of $149,173, with accumulated amortization of $49,903, is included with Other on the Lease Class activities table found below.

Amount of lease assets by major classes of underlying asset

	As of Fiscal Year-end	
Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	$ 185,641	$ 60,993
	$ 185,641	$ 60,993

Principal and interest requirements to maturity

Fiscal Years	Principal Payments	Interest Payments	Total Payments
2023	$ 38,636	$ 1,989	$ 40,625
2024	36,396	3,156	39,552
2025	36,396	4,225	40,621
2026	3,305	595	3,900
2027	3,305	595	3,900
2028 - 2030	6,610	1,190	7,800
	$ 124,648	$ 11,750	$ 136,398

Note 12. Pronouncements Issued, Not Yet Effective

The GASB has issued several statements not yet implemented by the Authority. The statements which may impact the Authority are as follows:

- **GASB No. 93**, *Replacement of Interbank Offered Rates* establishes how the Authority will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. The provision of this statement relating to the removal of the LIBOR rate will be effective for the Authority with its year ending June 30, 2023.

- **GASB Statement No. 94**, Public-Private and Public-Public Partnerships and Availability Payment Arrangements will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the Authority with its year ending June 30, 2023.

Note 12. Pronouncements Issued, Not Yet Effective (Continued)

- **GASB Statement No. 96**, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the Authority with its year ending June 30, 2023.

- **GASB Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will also enhance the relevance, consistency and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Another objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This statement will be effective for the Authority with its year ending June 30, 2023.

- **GASB Statement No. 99**, *Omnibus 2022*, addresses a variety of topics and practice issues that have been identified during implementation and application of certain GASB Statements. The new statement clarifies issues related to derivative instruments, leases, PPP and APA arrangements, SBITAs and various other topics. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. This statement will be effective for the Authority with its year ending June 30, 2023.

- **GASB Statement No. 100**, *Accounting Changes and Error Corrections*, issued in June 2022, will be effective for the Authority beginning with its fiscal year ended June 30, 2024. The objective of Statement No. 100 is to improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice.

- **GASB Statement No. 101**, *Compensated Absences*, issued in June 2022, will be effective for the Authority beginning with its fiscal year ended June 30, 2025. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Authority's management has not yet determined the effect of Statement Nos. 93, 94, 96, 97, 99, 100, and 101 will have on the Authority's financial statements but may have a material effect on the financial statements.

Note 13. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 16, 2022.

Required Supplementary Information – Unaudited

Schedule of Contributions – Municipal Employees' Retirement System
Required Supplementary Information – Unaudited
Last Eight Fiscal Years*

Measurement Period Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 1,236,065	$ 1,044,513	$ 877,986	$ 722,985	$ 707,169	$ 628,493	$ 640,404	$ 740,570
Contributions in relation to the actuarially determined contribution	1,236,065	1,044,513	877,986	722,985	707,169	628,493	640,404	740,570
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 6,297,267	$ 6,098,172	$ 5,835,974	$ 5,973,474	$ 5,715,345	$ 5,583,297	$ 5,349,972	$ 5,260,359
Contributions as a percentage of covered-employee payroll	19.63%	17.13%	15.04%	12.10%	12.37%	11.26%	11.97%	14.08%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Notes to Schedule

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021

The actuarially determined contributions are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Single equivalent amortization period	21 years
Asset valuation method	5 years' smoothed market (20% write up)
Inflation	2.50%
Salary increases	3.5%-10%, including inflation
Investment rate of return	7%, net of investment related expense
Changes in assumptions	In 2019, the latest experience study for the System updated the most of the actuarial assumptions utilized in the June 30, 2020, valuation to include: rates of inflation, real investment return, mortality, withdrawal, disability, retirement and salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of Experience Study for the System for the five year period ended June 30, 2017.

Greater New Haven Water Pollution Control Authority **RSI-2**

Schedule of the Authority's Proportionate Share of the Net Pension Liability – Municipal Employees' Retirement System
Required Supplementary Information – Unaudited
Last Eight Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015*
GNHWPCA's proportion of the net pension liability	4.4040640%	4.5444409%	4.318585%	4.239083%	4.075540%	4.075540%	3.011707%	3.011707%
GNHWPCA's proportionate share of the net pension liability	$ 8,251,011	$13,559,131	$11,470,501	$ 9,901,970	$ 4,877,689	$ 5,948,997	$ 3,294,094	$ 2,259,514
GNHWPCA's covered-employee payroll	$ 6,297,267	$ 6,098,172	$ 5,835,974	$ 5,973,474	$ 5,715,345	$ 5,583,297	$ 5,349,972	$ 5,260,359
GNHWPCA's proportionate share of the net pension liability as a percentage of its covered payroll	131.03%	222.35%	196.55%	165.77%	85.34%	106.55%	61.57%	42.95%
Plan fiduciary net position as a percentage of the total pension liability	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

*As restated

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.