Greater New Haven Water Pollution Control Authority

Financial Report
June 30, 2023

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RSM

Independent Auditor's Report

RSM US LLP

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, 2023 and 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, 2023 and 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 opinions.

Emphasis of Matter
As discussed in Notes 1 and 14 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements*, which resulted in the restatement of certain beginning balances as of July 1, 2021. Our opinions are not modified with respect to this matter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's discussion and analysis and Schedule of Contributions—Municipal Employees' Retirement System and the Schedule of the Authority's Proportionate Share of the Net Pension Liability—Municipal Employees Retirement System 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 19, 2023 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 19, 2023

Greater New Haven
Water Pollution Control Authority
Management's Discussion and Analysis—*Unaudited*
For the Year Ended June 30, 2023

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.

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's 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 pension plan.

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 28 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

	Years ended June 30,			Dollar Variance		Percentage Variance	
(Dollars in Thousands)	2023	2022	2021	23 vs. 22	22 vs. 21	23 vs. 22	22 vs. 21
Operating revenues	$ 47,995	$ 45,930	$ 46,111	$ 2,065	$ (181)	4.5%	(0.4%)
Operating expenses	26,965	25,153	26,577	1,812	(1,424)	7.2%	(5.4%)
Depreciation and amortization	10,871	10,555	10,346	316	210	3.0%	2.0%
Total operating expenses, including depreciation	37,836	35,708	36,923	2,128	(1,214)	6.0%	(3.3%)
Operating income	10,159	10,222	9,188	(63)	1,034	(0.6%)	11.3%
Nonoperating (expense) income	(2,558)	(3,737)	(2,693)	1,179	(1,044)	(31.5%)	38.8%
Capital grants	2,183	690	1,442	1,493	(752)	216.4%	(52.1%)
Change in net position	$ 9,784	$ 7,175	$ 7,937	$ 2,609	$ (762)	36.4%	(9.6%)

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

Operating Revenues

Operating revenue of $48.0 million for fiscal year 2023 represents an increase of $2.1 million or 4.5% compared to $45.9 million in operating revenues for fiscal year 2022. The increase in operating revenue is primarily attributed to an increase in billable consumption and a rate increase of $0.07 per centum cubic feet (CCF) from fiscal year 2022 to 2023 and an increase in the collection of connection fees.

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 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 2023 increased to $37.8 million an increase of $2.1 million over fiscal year 2022 with a total of $35.7 million. The increase is mainly due to increases in wages, retirement fund expenses, chemical expenses, waste hauler fees and engineering consultant fees.

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 in utilities.

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 2023 decreased $1.2 million or 31.5% from $3.7 million in fiscal year 2022. The decrease in non-operating income and (expenses) is related to an increase in interest income received on investments. The non-operating expense of $2.6 million is comprised of interest expense net of interest income received.

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.

Condensed Statements of Net Position

(Dollars in Thousands)	June 30,			Dollar Variance		Percentage Variance	
	2023	2022	2021	23 vs. 22	22 vs. 21	23 vs. 22	22 vs. 21
Assets							
Current assets	$ 64,252	$ 59,575	$ 53,740	$ 4,677	$ 5,835	7.9%	10.9%
Capital assets, net	238,170	233,748	234,278	4,422	(530)	1.9%	(0.2%)
Noncurrent assets							
Restricted assets	16,735	17,949	18,399	(1,214)	(450)	(6.8%)	(2.4%)
Other	4,181	4,989	6,421	(808)	(1,432)	(16.2%)	(22.3%)
Total assets	323,338	316,261	312,838	7,077	3,423	2.2%	1.1%
Deferred outflows of resources	10,482	9,525	12,497	957	(2,972)	10.0%	(23.8%)
Liabilities							
Current liabilities	26,384	18,125	16,150	8,259	1,975	45.6%	12.2%
Noncurrent liabilities	133,397	140,296	152,582	(6,899)	(12,286)	(4.9%)	(8.1%)
Total liabilities	159,781	158,421	168,732	1,360	(10,311)	0.9%	(6.1%)
Deferred inflows of resources	907	4,018	432	(3,111)	3,586	(77.4%)	830.1%
Net position							
Net investment in capital assets	117,583	110,451	107,384	7,132	3,067	6.5%	2.9%
Restricted	6,693	7,842	7,563	(1,149)	279	(14.7%)	3.7%
Unrestricted	47,779	43,978	40,149	3,801	3,829	8.6%	9.5%
Unrestricted – designated	1,076	1,076	1,076	-	-	0.0%	0.0%
Total net position	$ 173,131	$ 163,347	$ 156,172	$ 9,784	$ 7,175	6.0%	4.6%

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

Current Assets

The increase of $4.7 million in current assets between fiscal year 2023 and fiscal year 2022 resulted primarily from the year end positioning of non-restricted cash and an increase in receivables from customer billings.

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.

Capital Assets

The Authority’s investment in capital assets as of June 30, 2023, amounted to $238,169,860 (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, 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.

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.

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 $1.2 million in restricted assets between fiscal year 2022 and fiscal year 2023 is due to a decrease in the reserve fund for the 2008 Series B bonds that were paid off in FY22/23 and timing in deposits for debt service payment scheduled for FY23/24.

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

Other Non-Current Assets

Other non-current assets decreased $0.8 million or (16.2%) to $4.2 million from $5.0 million for fiscal year 2023. The decrease is directly related to the decrease of the long-term portion of the receivable from the City of New Haven offset by an increase in the net lease and subscription assets at June 30.

Other non-current assets decreased $1.4 million or (22.3%) to $5.0 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 the new CWF loan obligation offset by the decrease in the long-term portion of the receivable from contract operator settlement.

Current Liabilities

The increase of $8.3 million in current liabilities from fiscal year 2022 to fiscal year 2023 is primarily attributed to a decrease in accounts payable and accrued expenses of $0.2 million and an increase of the current portion in long term debt in the amount of $8.5 million.

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.

Non-Current Liabilities

Non-current liabilities decreased by $6.9 million from fiscal year 2022 to fiscal year 2023. This is primarily due to an increase in net pension liability of $6.2 million and by a reduction of long-term debt payable of $13.1 million on June 30, 2023. Additional information on non-current liabilities is presented in Note 6, Note 9 and Note 11.

Non-current liabilities decreased by $12.3 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.

Net Position

As of June 30, 2023, the largest portion of the GNHWPCA’s net position of $173.1 million, 68% or $118 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 $6.7 million represents resources that are subject to external restrictions to the requirement of the indenture. The remaining balance of the unrestricted net position $48 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 $9.8 million or 6.0% to $173.1 million for fiscal year 2023 from $163.3 million in fiscal year 2022 because of operations and the Authority’s investment in capital assets.

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.

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 2023, the Authority generated $48.0 million in total operating revenues and $1.4 million from investment and other earnings. These amounts were used to pay operations and maintenance of $27.0 million and to fund debt service of $13.2 million ($9.5 million principal and $3.7 million interest).

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).

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, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 55,226,875**	$ 50,537,451
Accounts receivable, less allowance for doubtful accounts of $4,826,165 and $4,501,745 in 2023 and 2022, respectively	**7,997,534**	7,917,301
City of New Haven receivable	**770,523**	872,728
Other current assets	**257,342**	247,988
Total current assets	**64,252,274**	59,575,468
Noncurrent assets:		
Restricted assets (Notes 2 and 5)	**16,734,984**	17,948,658
City of New Haven receivable	**4,007,904**	4,759,468
Lease assets	**85,789**	124,648
Subscription assets	**86,834**	104,201
Capital assets, net of accumulated depreciation and amortization	**238,169,859**	233,748,432
Total noncurrent assets, prior year as restated	**259,085,370**	256,685,407
Total assets	**323,337,644**	316,260,875
Deferred Outflows of Resources		
Deferred pension expense	**5,150,259**	3,523,588
Deferred amounts on refunding	**5,331,837**	6,001,638
Total deferred outflows of resources	**10,482,096**	9,525,226
Liabilities		
Current liabilities:		
Accounts payable	**3,878,627**	4,109,919
Accrued interest	**1,024,804**	959,508
Accrued expenses	**2,502,596**	2,531,466
Retainage payable	**201,614**	234,066
Current portion of long-term debt	**17,985,553**	9,450,841
Contribution payable to state	**737,745**	786,928
Lease liabilities, current portion	**39,109**	38,636
Subscription liabilities, current portion	**13,873**	13,234
Total current liabilities, prior year as restated	**26,383,921**	18,124,598
Noncurrent liabilities:		
Net pension liability	**14,472,288**	8,251,011
Lease liabilities, less current portion	**56,663**	86,012
Subscription liabilities, less current portion	**65,733**	79,606
Long-term debt, less current portion	**118,802,705**	131,879,442
Total noncurrent liabilities, prior year as restated	**133,397,389**	140,296,071
Total liabilities	**159,781,310**	158,420,669
Deferred Inflows of Resources		
Deferred pension credit	**907,408**	4,018,409
Total deferred inflows of resources	**907,408**	4,018,409
Net Position		
Net investment in capital assets	**117,582,949**	110,451,243
Restricted:		
Debt service	**4,845,552**	5,896,672
Escrow	**1,847,531**	1,945,404
Unrestricted	**47,779,127**	43,977,841
Unrestricted—designated for debt service reserve	**1,075,863**	1,075,863
Total net position	**$ 173,131,022**	$ 163,347,023

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, 2023 and 2022

	2023	2022
Operating revenues:		
Residential	**$ 31,432,561**	$ 30,806,182
Commercial and industrial	**11,090,153**	10,483,369
Municipal	**1,817,034**	1,695,526
Delinquent interest and lien fees	**1,582,344**	1,341,809
Outside sludge disposal	**174,627**	294,066
Other	**2,222,556**	1,811,755
Provision for bad debts	**(324,419)**	(502,697)
Total operating revenues	**47,994,856**	45,930,010
Operating expenses:		
Operation and maintenance	**26,964,974**	25,152,729
Depreciation and amortization	**10,870,995**	10,555,727
Total operating expenses	**37,835,969**	35,708,456
Operating income	**10,158,887**	10,221,554
Nonoperating income (expense):		
Other income	**117,204**	125,393
Interest income	**1,329,897**	319,800
Interest expense	**(4,005,127)**	(4,181,756)
Total nonoperating expense	**(2,558,026)**	(3,736,563)
Income before capital contributions	**7,600,861**	6,484,991
Capital contributions	**2,183,138**	689,999
Change in net position	**9,783,999**	7,174,990
Net position, beginning of year, as restated	**163,347,023**	156,172,033
Net position, end of year	**$ 173,131,022**	$ 163,347,023

See notes to financial statements.

Greater New Haven Water Pollution Control Authority

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

		2023		2022
Cash flows from operating activities:				
Receipts from customers and users	$	47,914,623	$	46,162,242
Payments to suppliers		(16,300,010)		(13,587,037)
Payments to employees		(9,529,943)		(9,257,219)
Net cash provided by operating activities		22,084,670		23,317,986
Cash flows from capital and related financing activities:				
Proceeds from notes payable and interim obligations		5,339,137		2,925,009
Principal payments on debt (includes paydown/defeasance of $9,450,841 and $9,349,625 in 2023 and 2022, respectively)		(9,450,841)		(9,349,625)
Lease payments		(28,877)		-
Subscription payments		(13,233)		-
Interest paid on debt		(3,700,351)		(3,981,579)
Proceeds from City of New Haven		853,769		908,345
Proceeds from settlement		-		500,000
Proceeds received from capital contributions		1,612,472		591,913
Acquisition and construction of capital assets		(14,668,097)		(9,927,704)
Net cash used in capital and related financing activities		(20,056,021)		(18,333,641)
Cash flows provided by non-capital activities:				
Other income		117,204		125,393
Cash flows provided by investing activities:				
Interest received		1,329,897		319,800
Net increase in cash and cash equivalents		3,475,750		5,429,538
Cash and cash equivalents:				
Beginning		62,589,609		57,160,071
Ending	$	66,065,359	$	62,589,609
Reported on statements of net position as follows:				
Unrestricted cash and cash equivalents	$	55,226,875	$	50,537,451
Restricted cash (Note 2)	$	10,838,484	$	12,052,158
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	10,158,887	$	10,210,193
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		10,870,995		10,555,727
Loss on disposal		2,567		-
Loss for bad debts		324,419		502,697
Changes in assets, liabilities, deferred inflows, and deferred outflows:				
(Increase) in accounts receivable		(404,652)		(270,465)
(Increase) in other assets		(9,354)		(94,371)
(Decrease) increase in accounts payable and retainage		(263,744)		1,896,783
Increase (decrease) in other liabilities		6,172,094		(5,357,303)
(Increase) decrease in deferred outflows of resources—deferred pension		(1,626,671)		2,280,756
(Increase) decrease in deferred inflows of resources		(3,111,001)		3,586,659
(Decrease) increase in accrued expenses		(28,870)		7,310
Net cash provided by operating activities	$	22,084,670	$	23,317,986

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.

Significant accounting policies are as follows:

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 (except for intangible right-to-use lease and subscription-based information technology agreements, the measurement of which are discussed in note 1 below). 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.

Leases and Similar Subscription-Based Information Technology Arrangements:

Lessee/Buyer: The Authority is a lessee for various noncancellable leases of land, buildings, equipment, and other assets. The Authority also is a buyer of noncancellable subscription information technology arrangements (similar to a lease) for the right-to-use information technology hardware and software (SBITAs). For leases and SBITAs with a maximum possible term of 12 months or less at commencement (short-term), the Authority recognizes expense based on the provisions of the lease contract or SBITA in the Statements of Revenues, Expenses, and Changes in Net Position. For all other leases and SBITAs, the Authority recognizes a lease or subscription IT liability, respectively, and an intangible right-to-use lease or subscription IT asset, respectively, in the Statements of Net Position.

Measurement of Lease Amounts: At the commencement of a 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 lease asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the lease asset is placed in service. If the Authority is reasonably certain of exercising a purchase option contained in a lease, the lease asset is amortized over the useful life of the underlying asset.

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

Measurement of Subscription IT Amounts: At subscription commencement, the Authority initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT asset is amortized into right-to-use amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

The following key estimates and judgments are used by the Authority to determine the following:
Discount rate: The Authority generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease and SBITA payments unless the rate that the lessor or vendor charges is known. Since the Authority's bonds are not actively traded, the Authority determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar credit ratings.
Lease or subscription term: The lease or subscription term includes the noncancelable period of the lease or SBITA, plus periods covered by either an Authority or lessor/vendor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the Authority and the lessor/vendor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease or subscription term.

Lease or subscription payments: Lease or subscription payments included in the measurement of the lease or SBITA liability are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise. The Authority monitors changes in circumstances that may require a remeasurement of a lease or SBITA. When certain changes occur that are expected to significantly affect the amount of the lease or SBITA liability, the liability is remeasured, and a corresponding adjustment is made to the lease or subscription IT asset.

Subscription-Based Information Technology Arrangements: The Authority has recorded subscription-based information technology arrangement (SBITA) assets and liabilities as a result of implementing *GASB Statement No. 96*. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract.

The costs of normal maintenance and repairs that do not add to the values of the assets or materially extend the asset lives are not capitalized and are expensed as incurred.

SBITA assets are reported with other capital assets and SBITA lease liabilities are reported with long-term debt on the statement of net position (see Notes 4, 6 and 12).

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***: Net investment in capital assets – This component of net position consists of right-to-use lease, SBITAs, and capital assets, net of accumulated amortization and depreciation, respectively, 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.

GASB Pronouncements: The Authority adopted the following GASB Statements in fiscal year 2023:

- **GASB Statement No. 91, *Conduit Debt Obligation*s**: This Statement clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves required note disclosures. The Authority does not have any conduit debt obligations; therefore, the adoption of Statement No. 91 did not have an impact on the Authority's financial statements.
- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94)*:** This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The Authority currently does not have any agreements that meet the definition of a PPP; therefore, the adoption of Statement No. 94 did not have an impact on the Authority's financial statements.

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

- **GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96):** This Statement provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). 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 disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Authority has lessee subscription-based IT arrangements. The adoption of this Statement resulted in the restatement of the Authority's basic financial statements as of June 30, 2022, to reflect the reporting of the right-to-use subscription IT assets and liabilities. Additional information on the GASB 96 restatement can be found in Note 14, Restatement.

Note 2. Cash, Cash Equivalents and Investments

Deposits and cash equivalents: 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.

The value of restricted cash equivalents as of June 30, 2023 is as follows:

Cash equivalents:	
Money market funds	$ 10,838,484

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, 2023 and 2022, 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.

Note 2 Cash, Cash Equivalents and Investments (Continued)

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, 2023 and 2022, $65,635,153 and $56,888,889 of the GNHWPCA's bank balance of $66,385,406 and $63,095,645, 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.

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

	2023		
	Unrestricted	Restricted	Total
Deposits and cash equivalents	$ 55,226,875	$ 10,838,484	$ 66,065,359
Guaranteed investment contract	-	5,896,500	5,896,500
	$ 55,226,875	$ 16,734,984	$ 71,961,859

	2022		
	Unrestricted	Restricted	Total
Deposits and cash equivalents	$ 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

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, 2023, 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, 2023 was $4,778,427, of which $770,523 is current. The total receivable at June 30, 2022 was $5,632,196, of which $872,728 is current. The City made principal payments of $853,769 and $908,345 during the years ended June 30, 2023 and 2022, respectively.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

	2023				
	Beginning Balance, as restated *	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 3,050,362	$ -	$ -	$ -	$ 3,050,362
Construction in progress	11,428,070	10,682,603	-	(8,698,614)	13,412,059
Total capital assets, not being depreciated	14,478,432	10,682,603	-	(8,698,614)	16,462,421
Capital assets, being depreciated:					
Buildings and improvements	57,034,126	664,510	-	-	57,698,636
Machinery and equipment	106,201,407	1,843,635	(63,372)	237,682	108,219,352
Furniture and fixtures	4,256,301	27,393	-	103,300	4,386,994
Infrastructure	154,039,145	1,912,118	-	8,357,632	164,308,895
Vehicles	1,842,830	98,366	-	-	1,941,196
Total capital assets, being depreciated	323,373,809	4,546,022	(63,372)	8,698,614	336,555,073
Lease assets, being amortized:					
Right-to-use assets	185,641	10,138	(1,163)	-	194,616
Subscription based information technology arrangements	121,568	-	-	-	121,568
Total lease and subscription assets, being amortized	307,209	10,138	(1,163)	-	316,184
Less accumulated depreciation for:					
Buildings and improvements	24,689,633	1,937,940	-	-	26,627,573
Machinery and equipment	37,729,309	5,297,660	(63,372)	-	42,963,597
Furniture and fixtures	3,557,539	171,531	-	-	3,729,070
Infrastructure	36,588,437	3,287,816	-	-	39,876,253
Vehicles	1,538,891	112,250	-	-	1,651,141
Total accumulated depreciation	104,103,809	10,807,197	(63,372)	-	114,847,634
Less amortization for:					
Right-to-use assets	60,993	47,835	-	-	108,828
Subscription based information technology arrangements	17,367	17,367	-	-	34,734
Total amortization	78,360	65,202	-	-	143,562
Total capital assets, being depreciated, net	219,498,849	(6,316,239)	(1,163)	8,698,614	221,880,061
Total capital assets, lease assets, and subscriptions net	$ 233,977,281	$ 4,366,364	$ (1,163)	$ -	$ 238,342,482

*See Note 14

Note 4. Capital Assets (Continued)

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

	2022				
	Beginning Balance, as restated *	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	1,780,061	62,769	-	-	1,842,830
Total capital assets, being depreciated	315,611,690	2,801,897	-	4,960,222	323,373,809
Lease and subscription assets, being amortized:					
Right-to-use assets	185,641	-	-	-	185,641
Subscription based information technology arrangements	121,568	-	-	-	121,568
Total lease and subscription assets, being amortized	307,209	-	-	-	307,209
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	1,372,403	166,488	-	-	1,538,891
Total accumulated depreciation	93,583,462	10,520,347	-	-	104,103,809
Less amortization for:					
Right-to-use assets	25,613	35,380	-	-	60,993
Subscription based information technology arrangements	-	17,367	-	-	17,367
Total amortization	25,613	52,747	-	-	78,360
Total capital assets, lease, and subscription assets being depreciated, net	222,309,824	(7,771,197)	-	4,960,222	219,498,849
Total capital, lease, and subscription assets, net	$ 234,559,964	$ (527,915)	$ (54,768)	$ -	$ 233,977,281

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:

	2023	2022
Debt service reserve fund—Revenue Bonds and CWF*	$ 10,041,902	$ 10,106,583
Debt service fund	4,845,552	5,896,672
Solids handling maintenance escrow	1,781,030	1,878,903
Maintenance escrow	66,500	66,500
	$ 16,734,984	$ 17,948,658

∗ 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 (a)	$ 325,000	$ 333,125	$ 32,500	10%	1st
2007 Series A CWF 563-DC	8,961,758	548,910	301,405	50%	3rd
2007 Series C CWF Consolidated	20,560,842	2,199,723	1,189,344	50%	6th
2007 Series E CWF 463-CD1	934,984	61,896	33,988	50%	8th
2009 Series C CWF 206-CSL	3,952,524	237,710	128,526	50%	13th
2011 Series D CWF 581-C1	6,121,755	368,171	66,353	2 months *	16th
2012 Series B Rev Bonds (b)	955,000	253,750	45,464	10%	18th
2013 Series A CWF 627-C	656,236	39,467	7,113	2 months *	20th
2013 Series C CWF 441-D	3,571,120	214,772	38,701	2 months *	22nd
2013 Series D CWF 581-C2	6,276,714	377,490	68,024	2 months *	23rd
2014 Series B Rev Bond Refunding (c)	41,990,000	5,495,100	4,268,291	10% *	25th
2016 Series A Rev Bond Refunding	15,550,000	1,055,150	1,076,032	100%	27th
2016 Series B CWF 676-C	3,160,728	190,091	34,250	2 Months *	28th
2017 Series A CWF 441-C	43,656,934	518,348	555,157	2 Months *	29th
2020 Series A CWF 711-DC	5,146,207	59,146	61,256	2 Months *	31st
2020 Series B Rev Bond refunding	32,000,000	5,291,830	2,135,498	125%	32nd
Total	$ 193,819,802	$ 17,244,679	$ 10,041,902		

∗ 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:

		2023		2022
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
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.		490,000		725,000
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.		18,350,000		21,290,000
$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.		12,220,000		12,790,000
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.		30,245,000		30,800,000
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).		1,756,032		3,061,230
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).		1,219,342		1,430,372
Subtotal		79,850,374		85,833,268

(Continued)

Note 6. Long-Term Debt (Continued)

	2023	2022
Subtotal carried forward	$ 79,850,374	$ 85,833,268
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).	2,562,185	2,875,706
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).	1,901,074	2,075,925
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).	3,418,796	3,724,587
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.	335,767	368,166
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.	2,162,244	2,307,511
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of $186,568, plus interest at 2% (a).	30,783,736	33,022,553
State of Connecticut Clean Water Fund obligations, due in monthly principal payments amounts of $21,443, plus interest at 2%, through 2039 (a).	4,224,178	4,481,489
State of Connecticut Clean Water Fund Interim obligations, bearing interest at 2% (a)	8,785,505	3,446,369
Total long-term debt	134,023,859	138,135,574
Unamortized bond premium	2,764,399	3,194,709
	136,788,258	141,330,283
Less current portion	17,985,553	9,450,841
	$ 118,802,705	$ 131,879,442

(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, 2023.

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, 2023, are as follows:

	Principal	Interest	Total
2024	$ 17,985,553	$ 3,429,231	$ 21,414,784
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	9,083,280	2,280,885	11,364,165
2029-2033	45,974,698	8,009,465	53,984,163
2034-2038	32,260,261	2,193,435	34,453,696
2039-2044	2,219,515	147,893	2,367,408
Total	$ 134,023,859	$ 24,684,307	$ 158,708,166

The activity for long-term liabilities for the year ended June 30, 2023, was as follows:

	2023				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	$ 81,341,666	$ -	$ 4,466,666	$ 76,875,000	$ 4,460,000
Notes payable	53,347,540	-	4,984,186	48,363,354	4,740,048
Interim obligations	3,446,368	5,339,137	-	8,785,505	8,785,505
Net pension liability	8,251,011	6,221,277	-	14,472,288	-
Subscription liability	92,840	-	13,234	79,606	13,873
Lease liability	124,648	9,468	38,344	95,772	39,109
Total long-term liabilities	$ 146,604,073	$ 11,569,882	$ 9,502,430	$ 148,671,525	$ 18,038,535

Note 6. Long-Term Debt (Continued)

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	-
Subscription liability, as restated	109,268		16,428	92,840	13,234
Lease liability	160,028	-	35,380	124,648	38,636
Total long-term liabilities	$ 158,388,629	$ 2,925,009	$ 14,709,565	$ 146,604,073	$ 9,502,711

Advance refunding: On June 17, 2020, the Authority authorized the issuance of $32 million in revenue refunding bonds, 2020 Series B. The bonds were issued to refund a portion of outstanding 2012 Series B and 2014 Series B bonds, leaving $30,245,000 due as of June 30, 2023.

Note 7. Interest Cost

The total interest cost incurred during the years ended June 30, 2023 and 2022, was $4,005,127 and $4,181,756, 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). The Connecticut Municipal Employees Retirement System (the CMERS) is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. CMERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission. The Connecticut State Retirement Commission is responsible for the administration of CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under CMERS. This designation may be the result of collective bargaining. Employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full-time employees of participating departments except police officers and firefighters hired after age 60.

Note 9. Retirement Plan (Continued)

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Police officers and firefighters with social security
- Police officers and firefighters without social security

Benefit provisions
The plan provides retirement, disability and death benefits as defined in the Statutes.

General Employees
Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active noncontinuous service. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation, times years of service.

For members covered by social security, the benefit is 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, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement: Employees are eligible for early retirement after 5 years of active continuous or 15 years of active noncontinuous service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality in the position in which such member has been employed provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of police officers and firefighters, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit of 50% of compensation at the time of disability.

Employees are eligible for nonservice-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality in the position in which such member has been employed. Disability benefits are calculated based on compensation and service to the date of the disability.

Note 9. Retirement Plan (Continued)

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

Contributions
Contributions are established by the Statutes as follows:

Employer
Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. There is also an annual administrative fee per active & retired member.

Employees
Employees not covered by social security are required to contribute 6.0% of compensation. Employees covered by social security are required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.0% of compensation, if any, in excess of such base.

Measurement Focus and Basis of Accounting
The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB they are reported using the economic resources measurement focus and the accrual basis of accounting.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of CMERS and additions to/deductions from CMERS' fiduciary net position have been determined on the same basis as they are reported in the State of Connecticut’s Annual Comprehensive Financial Report (ACFR) which includes CMERS as a pension trust fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Allocation Methodology
Each individual employer’s proportionate share in the Schedule of Employer Allocations was calculated based upon a pro rata share of the 2022 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

The collective total pension liability as of June 30, 2022 is based upon the June 30, 2022 actuarial valuation. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

Note 9. Retirement Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement period:

- Inflation - 2.5%
- Long- Term Investment Rate of Return, net of pension plan investment expense, including inflation
  - 7.00%
- Salary increase - 3.50-10.00%, 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 adjustments 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%.

The long-term rate of return: The long-term expected rate of return on pension plan investments was determined using a statistical 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	6.9%
Public Credit	2%	2.9%
Core Fixed Income	13%	0.4%
Liquidity Fund	1%	-0.4%
Risk Mitigation	5%	0.1%
Private Equity	15%	11.2%
Private Credit	10%	6.2%
Real Estate	10%	6.3%
Infra. & Natural Resources	7%	7.7%
	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.00%. 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 rates equal to the actuarial 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.

Note 9. Retirement Plan (Continued)

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, calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower or 1-percentage-point higher than the current rate:

Sensitivity of net pension liability as of June 30, 2023:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net pension liability	$ 19,950,499	$ 14,472,288	$ 9,853,631

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

Average remaining service life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of June 30, 2022, the average of the expected remaining service lives of all employees calculated by our external actuaries is 4.78 years.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources: At June 30, 2023, the GNHWPCA reported a liability of $14,472,288 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 2022, relative to the total expected contributions of all participating employers for that fiscal year. At June 30, 2023 and 2022, GNHWPCA’s proportion was 4.0275980% and 4.404064%, respectively.

Note 9. Retirement Plan (Continued)

For the year ended June 30, 2023, GNHWPCA recognized pension expense of $3,081,750. At June 30, 2023, 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	$ 1,459,899	$ (176,139)
Net difference between projected and actual investments earnings	2,125,733	-
Change in proportion and differences between employer contributions and proportionate share of contributions	128,889	(731,269)
Contributions subsequent to the measurement date	1,435,738	-
Total	$ 5,150,259	$ (907,408)

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)

As of June 30, 2023, $1,435,738 was reported as deferred outflows of resources related to pensions resulting from the GNHWPCA's contributions in fiscal year 2023, 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:	
2024	$ 732,209
2025	572,813
2026	242,541
2027	1,259,550

The GNHWPCA also recognized a contribution payable to the State of $737,745 and $786,928 at June 30, 2023 and 2022, 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, 2023, the Authority paid operations and maintenance fees totaling $2,108,078, compared to $2,104,572 for fiscal year ended June 30, 2022.

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.

Note 10. Commitments and Contingencies (Continued)

At June 30, 2023 and 2022, the GNHWPCA has $201,614 and $234,066, 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 $30,776. As of June 30, 2023, the value of the lease liability is $20,822. 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, 2023, of $30,776 with accumulated amortization of $10,750, 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 $5,558. As of June 30, 2023, the value of the lease liability is $5,124. Greater New Haven WPCA (Regional Authority), CT is required to make monthly fixed payments of $191. 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, 2023, of $12,089, with accumulated amortization of $7,027, 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.

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 $151,752. As of June 30, 2023, the value of the lease liability is $69,825. 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, 2023, of $151,752, with accumulated amortization of $91,051, 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	$ 194,616	$ 108,828
	$ 194,616	$ 108,828

Note 11. Leases Payable (Continued)

Principal and interest requirements to maturity:

Fiscal Years		Principal Payments		Interest Payments		Total Payments
2024	$	39,109	$	2,732	$	41,841
2025		41,560		1,350		42,910
2026		4,164		499		4,663
2027		3,524		376		3,900
2028		3,645		255		3,900
2029		3,770		130		3,900
	$	95,772	$	5,342	$	101,114

Note 12. Subscription-Based Information Technology Arrangements

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On July 1, 2021, Greater New Haven Water Pollution Control Authority, CT entered into a 84-month subscription for the use of Linko Operation Management Application. An initial subscription liability was recorded in the amount of $109,268. As of June 30, 2023, the value of the subscription liability is $79,606. The authority is required to make annual fixed payments of $16,428. The subscription has an interest rate of 3.44%. The value of the right to use asset as of June 30, 2023 of $121,568 with accumulated amortization of $34,734 is included with Software on the Subscription Class activities table found below. The Authority had a termination period of 2 months as of the subscription commencement.

Amount of subscription assets by major classes of underlying asset:

	As of Fiscal Year-end			
Asset Class		Subscription Asset Value		Accumulated Amortization
Software	$	121,568	$	34,734
Total Subscriptions	$	121,568	$	34,734

Note 12. Subscription-Based Information Technology Arrangements (Continued)

Principal and interest requirements to maturity:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 13,873	$ 2,738	$ 16,611
2025	14,847	2,261	17,108
2026	15,871	1,751	17,622
2027	16,944	1,205	18,149
2028	18,071	622	18,693
	$ 79,606	$ 8,577	$ 88,183

Note 13. 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 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. 100 and 101 will have on the Authority's financial statements but may have a material effect on the financial statements.

Note 14. Restatement

The Authority implemented the provisions of GASB 96 effective July 1, 2021. This Statement provides guidance on the accounting and financial reporting for Subscription Based Technology Arrangements (SBITAs) for governments. The net impact in the Statement of Revenues, Expenses, and Changes in Net position was a decrease of $11,361 in expenses during the fiscal year ending June 30, 2022, and restated total assets, liabilities, and net position as of June 30, 2022 is as follows (in thousands):

June 30, 2022	Total Assets	Total Liabilities	Net Position, End of Year
Balance, as previously reported	$ 316,156,674	$ 158,327,829	$ 163,335,662
Adjustment due to implementation of GASB 96	104,201	92,840	11,361
Balance, as restated	$ 316,260,875	$ 158,420,669	$ 163,347,023

Note 15. 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 19, 2023.

Required Supplementary Information—Unaudited

Greater New Haven Water Pollution Control Authority

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

Measurement Period Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 1,435,738	$ 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	1,435,738	1,236,065	1,044,513	877,986	722,985	707,169	628,493	640,404	740,570
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 6,610,326	$ 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	21.72%	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, 2022
Measurement Date: June 30, 2022
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 layers
Single equivalent amortization period	20 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	3.5%-10%, including inflation
Investment rate of return	7%, net of investment related expense
Changes in assumptions	This valuation implements a level-dollar, 25-year layered amortization method beginning with the unexpected change in the UAAL as of the June 30, 2022 valuation. Also, due to House Bill 6930, the transitional UAAL base layer (the expected UAAL as of June 30, 2022) will be amortized over a declining period of years, starting with 25 years as of July 1, 2022. In addition, the Cost-of-Living Adjustment (COLA) assumptions were changed to reflect the changes as described below and several demographic assumptions (e.g. termination and retirement) were adjusted to reflect the new Deferred Retirement Option Plan (DROP). There were no other changes in assumptions and methods since the previous valuation.

Greater New Haven Water Pollution Control Authority

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015*
GNHWPCA's proportion of the net pension liability	4.0275980%	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	$ 14,472,288	$ 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	$ 6,610,326	$ 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	218.93%	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	68.71%	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.