Greater New Haven Water Pollution Control Authority

Financial Report
June 30, 2024

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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, 2024 and 2023, 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, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

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 November 25, 2024 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 the Authority's internal control over financial reporting and compliance.

RSM US LLP

Hartford, Connecticut
November 25, 2024

Greater New Haven
Water Pollution Control Authority
Management's Discussion and Analysis—*Unaudited*
For the Year Ended June 30, 2024

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 31 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)	2024	2023	2022	24 vs. 23	23 vs. 22	24 vs. 23	23 vs. 22
Operating revenues	$ 48,351	$ 47,995	$ 45,930	$ 356	$ 2,065	0.7%	4.5%
Operating expenses	28,105	26,965	25,153	1,140	1,812	4.2%	7.2%
Depreciation and amortization	11,199	10,871	10,555	328	316	3.0%	3.0%
Total operating expenses, including depreciation	39,304	37,836	35,708	1,468	2,128	3.9%	6.0%
Operating income	9,047	10,159	10,222	(1,112)	(63)	(10.9%)	(0.6%)
Nonoperating (expense) income	(1,115)	(2,558)	(3,737)	1,443	1,179	(56.4%)	(31.5%)
Capital contributions	6,031	2,183	690	3,848	1,493	176.3%	216.4%
Change in net position	$ 13,963	$ 9,784	$ 7,175	$ 4,179	$ 2,609	42.7%	36.4%

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

Operating Revenues

Operating revenue of $48.4 million for fiscal year 2024 represents an increase of $.4 million or 0.7% compared to $48.0 million in operating revenues for fiscal year 2023. The increase in operating revenue is primarily attributed to a rate increase of $0.07 per centum cubic feet (CCF) from fiscal year 2023 to 2024, offset by an decrease in billable consumption of .05%

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 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 2024 increased to $39.3 million an increase of $1.5 million over fiscal year 2023 with a total of $37.8 million. The increase is mainly due to increases in wages, Utilities, chemical expenses & waste hauler fees.

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.

Non-operating Income and Expenses

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 2024 decreased $1.4 million or 56.4% from $2.6 million in fiscal year 2023. The decrease in non-operating income and (expenses) is related to an increase in interest income received on investments. The non-operating expense of $1.1 million is comprised of interest expense net of interest income received.

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.

Condensed Statements of Net Position

(Dollars in Thousands)	June 30,			Dollar Variance		Percentage Variance	
	2024	2023	2022	24 vs. 23	23 vs. 22	24 vs. 23	23 vs. 22
Assets							
Current assets	$ 65,643	$ 64,252	$ 59,575	$ 1,391	$ 4,677	2.2%	7.9%
Capital assets, net	249,922	238,170	233,748	11,752	4,422	4.9%	1.9%
Noncurrent assets							
Restricted assets	18,229	16,735	17,949	1,494	(1,214)	8.9%	(6.8%)
Other	3,502	4,181	4,989	(679)	(808)	(16.2%)	(16.2%)
Total assets	337,296	323,338	316,261	13,958	7,077	4.3%	2.2%
Deferred outflows of resources	9,757	10,482	9,525	(725)	957	(6.9%)	10.0%
Liabilities							
Current liabilities	24,232	26,384	18,125	(2,152)	8,259	(8.2%)	45.6%
Noncurrent liabilities	135,124	133,397	140,296	1,727	(6,899)	1.3%	(4.9%)
Total liabilities	159,356	159,781	158,421	(425)	1,360	(0.3%)	0.9%
Deferred inflows of resources	602	907	4,018	(305)	(3,111)	(33.6%)	(77.4%)
Net position							
Net investment in capital assets	128,068	117,583	110,451	10,485	7,132	8.9%	6.5%
Restricted	9,223	6,693	7,842	2,530	(1,149)	37.8%	(14.7%)
Unrestricted	48,728	47,779	43,978	949	3,801	2.0%	8.6%
Unrestricted – designated	1,076	1,076	1,076	-	-	0.0%	0.0%
Total net position	$ 187,095	$ 173,131	$ 163,347	$ 13,964	$ 9,784	8.1%	6.0%

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

Current Assets

The increase of $1. million in current assets between fiscal year 2024 and fiscal year 2023 resulted primarily from the year end positioning of non-restricted cash and an increase in receivables from customer billings and from the State of CT Clean Water Fund (CWF) program.

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.

Capital Assets

The Authority's investment in capital assets as of June 30, 2024, amounted to $249,921,523 (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.

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 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 increase of $1.5 million in restricted assets between fiscal year 2023 and fiscal year 2024 is due to an increase in the reserve fund for the 2024A Series B bond Reserve and an increase in deposits for debt service payment scheduled for FY24/25 at June 30, 2024.

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 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 $0.7 million or (16.2%) to $3.5 million from $4.2 million for fiscal year 2024. The decrease is directly related to the decrease of the long-term portion of the receivable from the City of New Haven and by the decrease in the net lease and subscription assets at June 30.

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.

Current Liabilities

The decrease of $2.2 million in current liabilities from fiscal year 2023 to fiscal year 2024 is primarily attributed to a decrease of the current portion in long term debt in the amount of $5.8 million offset by an increase in accounts payable and accrued expenses of $3.7 million.

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.

Non-Current Liabilities

Non-current liabilities increased by $1.7 million from fiscal year 2023 to fiscal year 2024. This is primarily due to an increase in long-term debt payable on June 30, 2024. Additional information on non-current liabilities is presented in Note 6, Note 9 and Note 11.

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.

Net Position

As of June 30, 2024, the largest portion of the GNHWPCA's net position of $187.1 million, 68% or $128.0 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 $9.2 million represents resources that are subject to external restrictions to the requirement of the indenture. The remaining balance of the unrestricted net position $48.7 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 $13.9 million or 8.1% to $187.1 million for fiscal year 2024 from $173.1 million in fiscal year 2023 because of operations and the Authority's investment in capital assets.

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.

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 2024, the Authority generated $48.4 million in total operating revenues and $2.8 million from investment and other earnings. These amounts were used to pay operations and maintenance of $28.1 million and to fund debt service of $12.9 million ($9.2 million principal and $3.7 million interest).

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).

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, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 55,085,126**	$ 55,226,875
Accounts receivable, less allowance for doubtful accounts of $5,236,773 and $4,826,165 in 2024 and 2023, respectively	**8,071,750**	7,444,035
City of New Haven receivable	**682,331**	770,523
Other current assets	**210,505**	257,342
Due from other governments, less allowance for doubtful accounts of $0 in 2024 and 2023	**1,593,151**	553,499
Total current assets	**65,642,863**	64,252,274
Noncurrent assets:		
Restricted assets (Notes 2 and 5)	**18,228,677**	16,734,984
City of New Haven receivable	**3,383,633**	4,007,904
Lease assets	**49,678**	85,789
Subscription assets	**69,467**	86,834
Capital assets, net of accumulated depreciation and amortization	**249,921,523**	238,169,859
Total noncurrent assets, prior year as restated	**271,652,978**	259,085,370
Total assets	**337,295,841**	323,337,644
Deferred Outflows of Resources		
Deferred pension expense	**5,074,626**	5,150,259
Deferred amounts on refunding	**4,682,522**	5,331,837
Total deferred outflows of resources	**9,757,148**	10,482,096
Liabilities		
Current liabilities:		
Accounts payable	**7,256,222**	3,878,627
Accrued interest	**971,977**	1,024,804
Accrued expenses	**2,521,679**	2,502,596
Retainage payable	**556,478**	201,614
Current portion of long-term debt	**12,181,156**	17,985,553
Contribution payable to state	**688,562**	737,745
Lease liabilities, current portion	**41,560**	39,109
Subscription liabilities, current portion	**14,847**	13,873
Total current liabilities, prior year as restated	**24,232,481**	26,383,921
Noncurrent liabilities:		
Net pension liability	**14,694,121**	14,472,288
Lease liabilities, less current portion	**15,103**	56,663
Subscription liabilities, less current portion	**50,886**	65,733
Long-term debt, less current portion	**120,363,417**	118,802,705
Total noncurrent liabilities, prior year as restated	**135,123,527**	133,397,389
Total liabilities	**159,356,008**	159,781,310
Deferred Inflows of Resources		
Deferred pension credit	**602,410**	907,408
Total deferred inflows of resources	**602,410**	907,408
Net Position		
Net investment in capital assets	**128,067,617**	117,582,949
Restricted:		
Debt service	**7,887,033**	4,845,552
Escrow	**1,335,667**	1,847,531
Unrestricted	**48,728,391**	47,779,127
Unrestricted—designated for debt service reserve	**1,075,863**	1,075,863
Total net position	**$ 187,094,571**	$ 173,131,022

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, 2024 and 2023

	2024	2023
Operating revenues:		
Residential	$ 31,314,563	$ 31,432,561
Commercial and industrial	11,774,753	11,090,153
Municipal	1,795,652	1,817,034
Delinquent interest and lien fees	1,613,223	1,582,344
Outside sludge disposal	205,639	174,627
Other	2,063,402	2,222,556
Provision for bad debts	(415,834)	(324,419)
Total operating revenues	48,351,398	47,994,856
Operating expenses:		
Operation and maintenance	28,104,753	26,964,974
Depreciation and amortization	11,199,002	10,870,995
Total operating expenses	39,303,755	37,835,969
Operating income	9,047,643	10,158,887
Nonoperating income (expense):		
Other income	123,583	117,204
Interest income	2,653,885	1,329,897
Interest expense	(3,892,590)	(4,005,127)
Total nonoperating expense	(1,115,122)	(2,558,026)
Income before capital contributions	7,932,521	7,600,861
Capital contributions	6,031,028	2,183,138
Change in net position	13,963,549	9,783,999
Net position, beginning of year	173,131,022	163,347,023
Net position, end of year	$ 187,094,571	$ 173,131,022

See notes to financial statements.

Greater New Haven Water Pollution Control Authority

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Receipts from customers and users	$	**46,684,031**	$	47,914,623
Payments to suppliers		**(14,357,909)**		(16,300,010)
Payments to employees		**(10,005,181)**		(9,529,943)
Net cash provided by operating activities		**22,320,941**		22,084,670
Cash flows from capital and related financing activities:				
Proceeds from notes payable and interim obligations		**12,016,100**		5,339,137
Principal payments on debt		**(15,862,629)**		(9,450,841)
Lease payments		**(39,109)**		(28,877)
Subscription payments		**(13,873)**		(13,233)
Interest paid on debt and other		**(3,693,257)**		(3,700,351)
Proceeds from City of New Haven		**712,463**		853,769
Proceeds received from capital contributions		**5,711,342**		1,612,472
Acquisition and construction of capital assets		**(22,577,502)**		(14,668,097)
Net cash used in capital and related financing activities		**(23,746,465)**		(20,056,021)
Cash flows provided by non-capital activities:				
Other income		**123,583**		117,204
Cash flows provided by investing activities:				
Interest received		**2,653,885**		1,329,897
Net increase in cash and cash equivalents		**1,351,944**		3,475,750
Cash and cash equivalents:				
Beginning		**66,065,359**		62,589,609
Ending	**$**	**67,417,303**	$	66,065,359
Reported on statements of net position as follows:				
Unrestricted cash and cash equivalents	**$**	**55,085,126**	$	55,226,875
Restricted cash (Note 2)	**$**	**12,332,177**	$	10,838,484
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	**$**	**9,047,643**	$	10,158,887
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		**11,199,002**		10,870,995
Loss on disposal		**-**		2,567
Loss for bad debts		**415,834**		324,419
Changes in assets, liabilities, deferred inflows, and deferred outflows:				
(Increase) decrease in accounts receivable		**(1,043,549)**		147,454
(Increase) in due from other governments		**(1,039,652)**		(552,106)
Decrease (increase) in other assets		**46,837**		(9,354)
Increase (decrease) in accounts payable and retainage		**3,732,458**		(263,744)
Increase in other liabilities		**172,650**		6,172,094
Decrease (increase) in deferred outflows of resources—deferred pension		**75,633**		(1,626,671)
(Decrease) in deferred inflows of resources		**(304,998)**		(3,111,001)
Increase (decrease) in accrued expenses		**19,083**		(28,870)
Net cash provided by operating activities	**$**	**22,320,941**	$	22,084,670
Supplemental disclosures for cash flow information:				
Non-cash investing, capital and financing activities:				
Capital assets in accounts payable at year end	**$**	**4,490,842**	$	1,393,226
Deferred amount on refundings recorded through:				
Reduction of unamortized deferred amounts and unamortized original issue premiums and discounts	**$**	**252,171**	$	365,014

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.

Reclassifications: Certain reclassifications have been made to the 2023 financial statements to confirm to the 2024 financial statement presentation. These classifications had no effect on ending net position or changes in net position

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.

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

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.

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.

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
Right-of-use lease assets	5
Subscription based information technology arrangements	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-based 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.

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

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.

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. 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).

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.

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*****:** 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 assets 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 assets 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.

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, 2024 and 2023, is as follows:

	2024	2023
Cash equivalents:		
Money market funds	$ 12,332,177	$ 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.

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

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, 2024 and 2023, are as follows:

	2024	2023
Investment at contract value:		
Guaranteed investment contract	$ 5,896,500	$ 5,896,500

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

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

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

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

Custodial credit risks:

Deposits: The GNHWPCA is subject to custodial credit risk. This is the risk that, in the event of failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2024 and 2023, $63,790,483 and $65,635,153 of the GNHWPCA's bank balance of $68,572,448 and $66,385,406, respectively, was uninsured and uncollateralized.

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

A summary of balances as of June 30, 2024 and 2023, consist of the following:

	2024		
	Unrestricted	Restricted	Total
Deposits and cash equivalents	$ 55,085,126	$ 12,332,177	$ 67,417,303
Guaranteed investment contract	-	5,896,500	5,896,500
	$ 55,085,126	$ 18,228,677	$ 73,313,803

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

	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

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, 2024, 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, 2024, was $4,065,964, of which $682,331 is current. The total receivable at June 30, 2023, was $4,778,427, of which $770,523 is current. The City made principal payments of $712,463 and $853,769 during the years ended June 30, 2024 and 2023, respectively.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2024, was as follows:

	2024				
	Beginning Balance,	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 3,050,362	$ -	$ -	$ 154,366	$ 3,204,728
Construction in progress	13,412,059	18,340,681	(30,723)	(7,213,073)	24,508,944
Total capital assets, not being depreciated	16,462,421	18,340,681	(30,723)	(7,058,707)	27,713,672
Capital assets, being depreciated:					
Buildings and improvements	57,698,636	420,524	-	4,145,171	62,264,331
Machinery and equipment	108,219,352	1,334,191	(14,174)	31,027	109,570,396
Furniture and fixtures	4,386,994	13,423	(26,663)	6,571	4,380,325
Infrastructure	164,308,895	2,778,272	-	2,875,938	169,963,105
Vehicles	1,941,196	40,820	(56,001)	-	1,926,015
Total capital assets, being depreciated	336,555,073	4,587,230	(96,838)	7,058,707	348,104,172
Lease assets, being amortized:					
Right-to-use assets	194,616	-	-	-	194,616
Subscription-based information technology arrangements	121,568	-	-	-	121,568
Total lease and subscription assets, being amortized	316,184	-	-	-	316,184
Less accumulated depreciation for:					
Buildings and improvements	26,627,573	2,098,375	-	-	28,725,948
Machinery and equipment	42,963,597	5,358,170	(14,174)	-	48,307,593
Furniture and fixtures	3,729,070	171,893	(26,663)	-	3,874,300
Infrastructure	39,876,253	3,401,110	-	-	43,277,363
Vehicles	1,651,141	115,977	(56,001)	-	1,711,117
Total accumulated depreciation	114,847,634	11,145,525	(96,838)	-	125,896,321
Less amortization for:					
Right-to-use assets	108,828	36,110	-	-	144,938
Subscription-based information technology arrangements	34,734	17,367	-	-	52,101
Total amortization	143,562	53,477	-	-	197,039
Total capital assets, being depreciated, net	221,880,061	(6,611,772)	-	7,058,707	222,326,996
Total capital assets, lease assets, and subscriptions net	$238,342,482	$ 11,728,909	$ (30,723)	$ -	$ 250,040,668

Note 4. Capital Assets (Continued)

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 and subscription 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 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.

Note 5. Restricted Assets (Continued)

At June 30, 2024 and 2023, GNHWPCA's restricted assets were being maintained for the following purposes:

	2024	2023
Debt service reserve fund—Revenue Bonds and CWF*	$ 9,005,977	$ 10,041,902
Debt service fund	7,887,033	4,845,552
Solids handling maintenance escrow	1,269,167	1,781,030
Maintenance escrow	66,500	66,500
	$ 18,228,677	$ 16,734,984

* 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	$ 32,640	10% **	1st
2007 Series A CWF 563-DC	8,961,758	548,910	317,529	50%	3rd
2007 Series E CWF 463-CD1	934,984	61,896	35,806	50%	8th
2009 Series C CWF 206-CSL	3,952,524	237,710	135,402	50%	13th
2011 Series D CWF 581-C1	6,121,755	368,171	69,903	2 months *	16th
2012 Series B Rev Bonds (b)	955,000	253,750	25,334	10% **	18th
2013 Series A CWF 627-C	656,236	39,467	7,494	2 months *	20th
2013 Series C CWF 441-D	3,571,120	214,772	40,772	2 months *	22nd
2013 Series D CWF 581-C2	6,276,714	377,490	71,663	2 months *	23rd
2014 Series B Rev Bond Refunding (c	41,990,000	5,495,100	4,275,102	10% **	25th
2016 Series A Rev Bond Refunding	15,550,000	1,055,150	1,064,287	100%	27th
2016 Series B CWF 676-C	3,160,728	190,091	36,081	2 Months *	28th
2017 Series A CWF 441-C	43,656,934	518,348	583,190	2 Months *	29th
2020 Series A CWF 711-DC	5,146,207	59,146	64,533	2 Months *	31st
2020 Series B Rev Bond refunding	32,000,000	5,291,830	2,177,162	125% ***	32nd
2024 Series A CWF 227-CSL	6,891,638	414,473	69,079	2 months *	37th
Total	$ 180,150,598	$ 15,459,429	$ 9,005,977		

* 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, 2024 and 2023:

	2024	2023
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
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.	250,000	490,000
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.	15,285,000	18,350,000
$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.	11,625,000	12,220,000
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.	29,685,000	30,245,000
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).	718,847	1,756,032
State of Connecticut Clean Water Fund obligation, due in annual principal payment amounts of $169,000 to $233,000, plus interest at 2% through 2029 (a).	1,004,052	1,219,342
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).	2,242,337	2,562,185
State of Connecticut Clean Water Fund obligation, due in annual principal payment amounts of $152,000 to $209,000, plus interest of 2%, through 2033 (a).	1,722,694	1,901,074
State of Connecticut Clean Water Fund obligation, due in annual principal payment amounts of $266,000 to $373,000, plus interest of 2%, through 2033 (a).	3,106,832	3,418,796
State of Connecticut Clean Water Fund obligation, due in annual principal payment amounts of $27,613 to $50,916, plus interest of 2%, through 2032.	302,713	335,767
Subtotal	81,512,475	88,068,196

(Continued)

Note 6. Long-Term Debt (Continued)

		2024		2023
Subtotal carried forward	$	81,512,475	$	88,068,196
Notes Payable and Other (Continued)				
State of Connecticut Clean Water Fund obligation, due in monthly principal payment amounts of $10,854 to $15,814, plus interest of 2%, through 2036.		2,014,044		2,162,244
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of $186,568, plus interest at 2% (a).		28,544,919		30,783,736
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of $21,443, plus interest at 2%, through 2039 (a).		3,966,868		4,224,178
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of $34,539, plus interest at 2%, through 2043 (a).		6,891,638		-
State of Connecticut Clean Water Fund Interim obligations, bearing interest at 2% (a).		7,247,374		8,785,505
Total long-term debt		130,177,318		134,023,859
Unamortized bond premium		2,367,255		2,764,399
		132,544,573		136,788,258
Less current portion		12,181,156		17,985,553
	$	120,363,417	$	118,802,705

(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, 2024 and 2023.

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%.

Note 6. Long-Term Debt (Continued)

The annual debt service requirements on the above debt at June 30, 2024, are as follows:

	Principal	Interest	Total
2025	$ 12,181,156	$ 3,331,786	$ 15,512,942
2026	13,578,472	2,999,019	16,577,491
2027	9,133,747	2,700,442	11,834,189
2028	9,385,590	2,393,048	11,778,638
2029	9,473,717	2,116,665	11,590,382
2030-2034	47,324,490	7,383,322	54,707,812
2035-2039	25,800,558	1,560,938	27,361,496
2040-2044	3,299,588	166,695	3,466,283
Total	$ 130,177,318	$ 22,651,915	$ 152,829,233

The activity for long-term liabilities for the year ended June 30, 2024, was as follows:

	2024				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	$ 76,875,000	$ -	$ 4,460,000	$ 72,415,000	$ 4,630,000
Notes payable	48,363,354	6,891,638	4,740,048	50,514,944	4,887,800
Interim obligations	8,785,505	5,124,462	6,662,593	7,247,374	2,663,356
Net pension liability	14,472,288	221,833	-	14,694,121	-
Subscription liability	79,606	-	13,873	65,733	14,847
Lease liability	95,772	-	39,109	56,663	41,560
Total long-term liabilities	$ 148,671,525	$ 12,237,933	$ 15,915,623	$ 144,993,835	$ 12,237,563

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, as restated	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

In substance defeasance – prior years: 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 $20,115,000 due as of June 30, 2024.

Note 7. Interest Cost

The total cash paid for interest during the years ended June 30, 2024 and 2023, was $3,739,699 and $4,005,127, 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.

The plan has four 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 five 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.

Note 9. Retirement Plan (Continued)

Early Retirement: Employees are eligible for early retirement after five 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.

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.

On June 7, 2023, House Bill 6930, an Act Concerning the Development of Best Practices for Governance Structures of Municipal Retirement Plans, was passed by the Connecticut Legislature on. The following is a summarization of future changes in benefit provisions.

- A five-year phase-out of the Cost-Of-Living-Adjustment (COLA) floor from the existing 2.5% to 0%, which reduces the floor by 0.5% each year for future retirees, beginning July 1, 2025, reducing to 0% on July 1, 2029. Subject to the COLA floors outlined above, for years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the inflation rate up to 6.0%, and 75% of the inflation rate in excess of 6.0% with a maximum COLA of 7.5%.

- Beginning July 1, 2025, the benefit formula multiplier will increase to 2.2% (1.7% for Social Security covered eligible participants) based on the following eligibility:
    - General Employees: Beginning for service at age 60 with at least 30 years of service.
    - Police and Fire: Beginning for service at age 55 with at least 27 years of service.

Note 9. Retirement Plan (Continued)

- Beginning July 1, 2025, a Deferred Retirement Option Plan (DROP), capped at five years of participation in the program, will be offered based on the following eligibility:
    - General Employees: at age 60 with 30 years of service OR at age 62 with five (5) years of service.
    - Police and Fire: at age 55 with 25 years of service; at age 57 with five (5) years of service; or at any age with 30 years of service.
    - Upon entering DROP, the member contribution rate is reduced to half. After 24 months of DROP participation, the member contribution rate is reduced to 0%.
    - Beginning annually at the 2nd anniversary of the member's DROP entry, the DROP account is credited with interest at a not to exceed 4%. Interest is also credited at the 3rd, 4th, and 5th anniversary date of DROP entry.
    - Pension amount will not increase with annual COLAs while participating in DROP. Once member exits DROP, future COLAs will be determined based on the provisions in effect at the time the member entered the DROP.

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 and 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Note 9. Retirement Plan (Continued)

The preparation of the Schedules requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

Allocation Methodology

Each individual employer's proportionate share in the Schedule of Employer Allocations was calculated based upon a pro rata share of the 2023 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, 2023, is based upon the June 30, 2023, actuarial valuation. The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2012.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, 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 - 3.50-9.50%, including inflation.
- Mortality rates - The Pub-2010 Mortality Tables set-forward one year (except Active Employees) are projected generationally with scale MP-2021.

Future Cost-of-Living Annually compounded increases are applied to disabled and nondisabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring between July 1, 2025 and June 30, 2026, the COLA assumption is 2.5%. The COLA assumption is reduced to 2.3% for members retiring between July 1, 2026 and June 30, 2027; 2.1% for members retiring between July 1, 2027 and June 30, 2028; and 2.0% for members retiring after July 1, 2028.

Note 9. Retirement Plan (Continued)

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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	6.8%
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%	6.1%
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. 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-percentage point lower or 1-percentage-point higher than the current rate:

Sensitivity of net pension liability as of June 30, 2024:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net pension liability	$ 20,721,860	$ 14,694,121	$ 9,638,667

Note 9. Retirement Plan (Continued)

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

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, 2023, the average of the expected remaining service lives of all employees calculated by our external actuaries is 5.26 years.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources: At June 30, 2024, the GNHWPCA reported a liability of $14,694,121 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, 2023, 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 2023, relative to the total expected contributions of all participating employers for that fiscal year. At June 30, 2024 and 2023, GNHWPCA's proportion was 4.221399% and 4.0275980%, respectively.

For the year ended June 30, 2024, GNHWPCA recognized pension expense of $1,300,738. At June 30, 2024, 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	$ 1,080,578	$ (77,901)
Net difference between projected and actual investments earnings	1,282,872	-
Change in proportion and differences between employer contributions and proportionate share of contributions	315,097	(524,509)
Contributions subsequent to the measurement date	1,388,263	-
Change of assumptions	1,007,816	-
Total	$ 5,074,626	$ (602,410)

Note 9. Retirement Plan (Continued)

As of June 30, 2024, $1,388,263 was reported as deferred outflows of resources related to pensions resulting from the GNHWPCA's contributions in fiscal year 2024, subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. 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	$ 806,228
2025	465,782
2026	1,529,175
2027	200,395
2028	82,373

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)

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 $688,562 and $737,745 at June 30, 2024 and 2023, respectively. Such amounts are recorded as a component of accounts payable in the statements of net position.

Note 9. Retirement Plan (Continued)

Additional financial information supporting the preparation of the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer (including the disclosure of the net pension liability (asset) and the unmodified audit opinion on the State of Connecticut's financial statements) is located in the State of Connecticut's ACFR for the fiscal year ended June 30, 2023. The State of Connecticut ACFR is available at www.osc.ct.gov/reports. The supporting actuarial information is included in the June 30, 2023, GASB Statements No. 68 Report for the Connecticut Municipal Employees' Retirement System. The additional financial and actuarial information is available at www.osc.ct.gov/rbsd/cmers/plandoc or by contacting the Connecticut Municipal Employees Retirement System at: 55 Elm Street, Hartford, CT 06106, by e-mailing osc.generalinfocmers@ct.gov or by calling (860) 702-3480.

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, 2024, the Authority paid operations and maintenance fees totaling $2,218,615, compared to $2,108,078 for fiscal year ended June 30, 2023.

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, 2023 and 2022, the Service Fee was $399.44 and $379.16, respectively, per dry ton, subject to annual adjustments for inflation.

Note 10. Commitments and Contingencies (Continued)

Under the terms of the new agreement, Synagro is allowed to solicit sludge from other entities (outside sludge) to utilize the capacity of the on-site incinerator. Synagro is required to pay as a royalty $35 per dry ton of outside sludge processed to a sinking fund. The GNHWPCA is required to match all such payments into the sinking fund, with all combined contributions to be used for any capital projects that exceed a cost of $20,000. Synagro is responsible for all capital projects costing less than $20,000. Combined payments to the sinking fund are expected to approximate $500,000 annually. As of July 1, 2016, Synagro is responsible for any capital projects costing less than $50,000, and the GNHWPCA is not required to contribute to sinking funds, making the expected annual sinking fund payment approximately $250,000.

At June 30, 2024 and 2023, the GNHWPCA has $556,478 and $201,614, 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

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, 2024, the value of the lease liability is $17,639. 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, 2024, of $30,776, with accumulated amortization of $14,333, 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, 2024, the value of the lease liability is $2,978. 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, 2024, of $12,089, with accumulated amortization of $9,204, 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, 2024, the value of the lease liability is $36,046. 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, 2024, of $151,751, with accumulated amortization of $121,402, 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	$ 144,938
	$ 194,616	$ 144,938

Note 11. Leases Payable (Continued)

Principal and interest requirements to maturity:

Fiscal Years	Principal Payments	Interest Payments	Total Payments
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
	$ 56,663	$ 2,610	$ 59,273

Note 12. Subscription-Based Information Technology Arrangements

On July 1, 2021, GNHWPCA 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, 2024, the value of the subscription liability is $65,734. 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, 2024, of $121,568, with accumulated amortization of $52,101, 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	$ 52,101
Total Subscriptions	$ 121,568	$ 52,101

Principal and interest requirements to maturity:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
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
	$ 65,733	$ 5,839	$ 71,572

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. 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.

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2023, will be effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34.

The Authority's management has not yet determined the effect these Statements will have on the Authority's financial statements but may have a material effect on the financial statements.

Note 14. 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 November 25, 2024.

On July 9, 2024, the Authority issued $25,115,000 of general obligation refunding bonds with interest rate of 5% of which proceeds were used to advance refund the outstanding principal amounts of the general obligations of the City dated 2005, Series C (the “Refunding Bond”). Net proceeds of $27,801,849 (after expenses of $129,744 in underwriting and $215,000 in other issuance costs), was placed in a irrevocable trust under an Escrow Agreement dated July 23, 2024 between the Authority and the Escrow Holder. Net present value savings of $1,670,574 were recorded. The Escrow Holder used the proceeds to purchase a portfolio of primary non-callable direct obligations of the United States of America (Government Obligations). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption prices of the refunded Bonds on the date the payments are due.

Required Supplementary Information—Unaudited

Greater New Haven Water Pollution Control Authority

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

Measurement Period Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 1,388,263	$ 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	1,388,263	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	$ 6,792,840	$ 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	20.44%	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.

Notes to Schedule

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2023

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	3.0%-9.5%, including inflation
Investment rate of return	7%, net of investment related expense
Changes in assumptions	Future Cost-of-Living Annually compounded increases are applied to disabled and nondisabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring between July 1, 2025 and June 30, 2026, the COLA assumption is 2.5%. The COLA assumption is reduced to 2.3% for members retiring between July 1, 2026 and June 30, 2027; 2.1% for members retiring between July 1, 2027 and June 30, 2028; and 2.0% for members retiring after July 1, 2028.

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 Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015*
GNHWPCA's proportion of the net pension liability	4.2213990%	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	$ 14,694,121	$ 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	$ 6,792,840	$ 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	216.32%	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	69.54%	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.