

Greater New Haven Water Pollution Control Authority

Financial Report
June 30, 2025

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Financial Section

Independent Auditor's Report

Board of Directors
Greater New Haven Water Pollution Control Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Greater New Haven Water Pollution Control Authority (the Authority), as of and for the year ended June 30, 2025 and 2024, 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 Authority, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective July 1, 2023 as a result of required retrospective implementation. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits 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 audits in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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
December 18, 2025

**Greater New Haven
Water Pollution Control Authority
Management's Discussion and Analysis—*Unaudited*
For the Year Ended June 30, 2025**

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 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

<i>(Dollars in Thousands)</i>	Years ended June 30,			Dollar Variance		Percentage Variance	
	2025	2024*	2023	25 vs. 24	24 vs. 23	25 vs. 24	24 vs. 23
Operating revenues	\$ 49,752	\$ 48,351	\$ 47,995	\$ 1,401	\$ 356	2.9%	0.7%
Operating expenses	29,953	28,079	26,965	1,874	1,114	6.7%	4.1%
Depreciation and amortization	11,587	11,199	10,871	388	328	3.5%	3.0%
Total operating expenses, including depreciation	41,540	39,278	37,836	2,262	1,442	5.8%	3.8%
Operating income	8,212	9,073	10,159	(861)	(1,086)	(9.5%)	(10.7%)
Nonoperating (expense) income	1,229	(1,115)	(2,558)	2,344	1,443	210.2%	56.4%
Capital contributions	9,654	6,031	2,183	3,623	3,848	60.1%	176.3%
Change in net position	\$ 19,095	\$ 13,989	\$ 9,784	\$ 5,106	\$ 4,205	36.5%	43.0%

* As restated- See Note 14

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

Operating Revenues

Operating revenue of \$49.8 million for fiscal year 2025 represents an increase of \$1.4 million or 2.9%, compared to \$48.4 million in operating revenues for fiscal year 2024. 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 2024 to 2025, and an increase in the collection of connection fees.

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 a decrease in billable consumption of .05%

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 2025 increased to \$41.5 million, an increase of \$2.3 million over fiscal year 2024, with a total of \$39.3 million. The increase is mainly due to increases in wages, retirement fund expenses, chemical expenses, waste hauler fees and engineering consultant fees.

Operating expenses including depreciation and amortization for fiscal year 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 and waste hauler 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 2025 increased \$2.3 million, or 210.2%, from \$(1.1) million in fiscal year 2024. The increase in non-operating income and (expenses) is related to 2024 revenue bond refunding. The non-operating income of \$1.2 million is comprised of interest expense net of interest income received, plus the City of New Haven share of the clean water fund loan proceeds.

Non-operating income and (expenses) in fiscal year 2024 increased \$1.4 million or 56.4% from \$2.6 million in fiscal year 2023. The increase 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.

Condensed Statements of Net Position

<i>(Dollars in Thousands)</i>	June 30,			Dollar Variance		Percentage Variance	
	2025	2024*	2023*	25 vs. 24	24 vs. 23	25 vs. 24	24 vs. 23
Assets							
Current assets	\$ 70,314	\$ 65,643	\$ 64,252	\$ 4,671	\$ 1,391	7.1%	2.2%
Capital assets, net	274,405	249,922	238,170	24,483	11,752	9.8%	4.9%
Noncurrent assets							
Restricted assets	15,219	18,229	16,735	(3,010)	1,494	(16.5%)	8.9%
Other	3,976	3,502	4,181	474	(679)	13.5%	(16.2%)
Total assets	363,914	337,296	323,338	26,618	13,958	7.9%	4.3%
Deferred outflows of resources	7,131	9,757	10,482	(2,626)	(725)	(26.9%)	(6.9%)
Liabilities							
Current liabilities	23,859	21,914	26,384	1,945	(4,470)	8.9%	(16.9%)
Noncurrent liabilities	140,092	137,346	133,328	2,746	4,018	2.0%	3.0%
Total liabilities	163,951	159,260	159,712	4,691	(452)	2.9%	(0.3%)
Deferred inflows of resources	809	602	907	207	(305)	34.4%	(33.6%)
Net position							
Net investment in capital assets	147,100	128,068	117,583	19,032	10,485	14.9%	8.9%
Restricted	7,526	9,223	6,693	(1,697)	2,530	(18.4%)	37.8%
Unrestricted	50,583	48,824	47,849	1,759	975	3.6%	2.0%
Unrestricted – designated	1,076	1,076	1,076	-	-	0.0%	0.0%
Total net position	\$ 206,285	\$ 187,191	\$ 173,201	\$ 19,094	\$ 13,990	10.2%	8.1%

* As restated- See Note 14

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

Current Assets

The increase of \$4.7 million in current assets between fiscal year 2025 and fiscal year 2024 resulted primarily from the year end positioning of non-restricted cash and an increase in receivables from customer billings.

The increase of \$1.4 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.

Capital Assets

The Authority's investment in capital assets as of June 30, 2025, amounted to \$274,404,964 (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, 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.

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 decrease of \$3 million in restricted assets between fiscal year 2024 and fiscal year 2025 is due to a decrease in the reserve funds needed for the 2014 Series B bond Reserve due to refunding of these bonds.

The increase of \$1.5 million in restricted assets between fiscal year 2024 and fiscal year 2023 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 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 increased \$0.5 million or (13.5%) to \$4 million from \$3.5 million for fiscal year 2025. The increase is directly related to the decrease of the long-term portion of the receivable from the City of New Haven offset by an increase in the net lease and subscription assets at June 30.

Other non-current assets decreased \$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.

Current Liabilities

The increase of \$1.9 million in current liabilities from fiscal year 2024 to fiscal year 2025 is primarily attributed to a decrease of the current portion in long term debt in the amount of \$3.4 million offset by an increase in accounts payable and accrued expenses of \$5.3 million.

The decrease of \$4.5 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 \$1.3 million.

Non-Current Liabilities

Non-current liabilities increased by \$2.7 million from fiscal year 2024 to fiscal year 2025. This is primarily due to an increase in long- term debt payable on June 30, 2025, of \$4.7 million offset by a decrease in Net pension liability of \$2.0 million. Additional information on non-current liabilities is presented in Note 6, Note 9 and Note 11.

Non-current liabilities increased by \$4 million from fiscal year 2023 to fiscal year 2024. This is primarily due to an increase in long-term debt payable and accrued expenses on June 30, 2024. Additional information on non-current liabilities is presented in Note 6, Note 9 and Note 11.

Net Position

As of June 30, 2025, the largest portion of the GNHWPCA's net position of \$206 million, 71.3% or \$147 million reflects our investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) in the Constituent Municipalities served by the Authority. An additional portion of the Authority's net position, \$7.5 million, represents resources that are subject to external restrictions to the requirement of the indenture. The remaining balance of the unrestricted net position \$50.6 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 \$19.1 million, or 10.2% to \$206 million for fiscal year 2025 from 187.2 million in fiscal year 2024 because of operations and the Authority's investment in capital assets.

As of June 30, 2024, the largest portion of the GNHWPCA's restated 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 \$48.8 million may be used to meet the Authority's ongoing obligations and \$1.1 million has been designated for future debt service.

Total restated net position increased by \$14 million, or 8.1%, to \$187.1 million for fiscal year 2024 from \$173.2 million in fiscal year 2023 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 2025, the Authority generated \$49.8 million in total operating revenues and \$2.7 million from investment and other earnings. These amounts were used to pay operations and maintenance of \$29.9 million and to fund debt service of \$12 million (\$9.8 million principal and \$2.2 million interest).

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).

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, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,983,798	\$ 55,085,126
Accounts receivable, less allowance for doubtful accounts of \$5,222,792—2025; \$5,236,773—2024	8,037,654	8,071,750
City of New Haven receivable	451,543	682,331
Prepays and other current assets	219,449	210,505
Due from other governments, less allowance for doubtful accounts of \$0—2025; \$0—2024	2,621,304	1,593,151
Total current assets	70,313,748	65,642,863
Noncurrent assets:		
Restricted assets (Notes 2 and 5)	15,219,077	18,228,677
City of New Haven receivable	3,873,877	3,383,633
Lease assets	50,352	49,678
Subscription assets	52,101	69,467
Capital assets, net of accumulated depreciation and amortization	274,404,964	249,921,523
Total noncurrent assets	293,600,371	271,652,978
Total assets	363,914,119	337,295,841
Deferred Outflows of Resources		
Deferred pension expense	3,138,579	5,074,626
Deferred amounts on refunding	3,992,635	4,682,522
Total deferred outflows of resources	7,131,214	9,757,148
Liabilities		
Current liabilities:		
Accounts payable	11,134,448	7,256,222
Accrued interest	1,006,249	971,977
Accrued expenses	174,710	134,125
Retainage payable	1,795,878	556,478
Current portion of compensated absences	238,675	68,752
Current portion of long-term debt	8,812,221	12,181,156
Contribution payable to state	639,379	688,562
Lease liabilities, current portion	41,893	41,560
Subscription liabilities, current portion	15,871	14,847
Total current liabilities	23,859,324	21,913,679
Noncurrent liabilities:		
Compensated absences	2,251,306	2,222,978
Net pension liability	12,728,925	14,694,121
Lease liabilities, less current portion	13,424	15,103
Subscription liabilities, less current portion	35,015	50,886
Long-term debt, less current portion	125,063,195	120,363,417
Total noncurrent liabilities	140,091,865	137,346,505
Total liabilities	163,951,189	159,260,184
Deferred Inflows of Resources		
Deferred pension credit	808,657	602,410
Total deferred inflows of resources	808,657	602,410
Net Position		
Net investment in capital assets	147,099,977	128,067,617
Restricted:		
Debt service	6,929,526	7,887,033
Escrow	596,863	1,335,667
Unrestricted	50,583,258	48,824,215
Unrestricted—designated for debt service reserve	1,075,863	1,075,863
Total net position	\$ 206,285,487	\$ 187,190,395

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, 2025 and 2024**

	2025	2024
Operating revenues:		
Residential	\$ 31,200,174	\$ 31,314,563
Commercial and industrial	12,196,939	11,774,753
Municipal	1,924,030	1,795,652
Delinquent interest and lien fees	1,717,969	1,613,223
Outside sludge disposal	251,296	205,639
Other	2,464,095	2,063,402
Provision for bad debts	(2,359)	(415,834)
Total operating revenues	49,752,144	48,351,398
Operating expenses:		
Operation and maintenance	29,952,842	28,079,211
Depreciation and amortization	11,587,204	11,199,002
Total operating expenses	41,540,046	39,278,213
Operating income	8,212,098	9,073,185
Nonoperating income (expense):		
Other income	1,032,267	123,583
Interest income	2,653,041	2,653,885
Interest expense	(2,456,477)	(3,892,590)
Total nonoperating income (expense)	1,228,831	(1,115,122)
Income before capital contributions	9,440,929	7,958,063
Capital contributions	9,654,164	6,031,028
Change in net position	19,095,093	13,989,091
Net position, beginning of year, as originally reported	187,094,571	173,131,022
Restatement due to the adoption of GASB 101 (See Note 14)	95,823	70,282
Net position, beginning of year, as restated	187,190,394	173,201,304
Net position, end of year	\$ 206,285,487	\$ 187,190,395

See notes to financial statements.

Greater New Haven Water Pollution Control Authority

Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Receipts from customers and users	\$ 48,758,086	\$ 46,684,031
Payments to suppliers	(13,806,058)	(14,357,909)
Payments to employees	(10,671,354)	(10,005,181)
Net cash provided by operating activities	24,280,674	22,320,941
Cash flows from capital and related financing activities:		
Proceeds from notes payable and interim obligations	40,127,983	12,016,100
Principal payments on debt, including defeasement	(39,791,415)	(15,862,629)
Lease payments	(41,511)	(39,109)
Subscription payments	(14,847)	(13,873)
Interest paid on debt and other	(686,031)	(3,693,257)
Proceeds from City of New Haven	682,331	712,463
Proceeds received from capital contributions	8,006,261	5,711,342
Acquisition and construction of capital assets	(34,441,680)	(22,577,502)
Net cash used in capital and related financing activities	(26,158,909)	(23,746,465)
Cash flows provided by non-capital activities:		
Other income	114,266	123,583
Cash flows provided by investing activities:		
Interest received	2,653,041	2,653,885
Net increase in cash and cash equivalents	889,072	1,351,944
Cash and cash equivalents:		
Beginning	67,417,303	66,065,359
Ending	\$ 68,306,375	\$ 67,417,303
Reported on statements of net position as follows:		
Unrestricted cash and cash equivalents	\$ 58,983,798	\$ 55,085,126
Restricted cash (Note 2)	\$ 9,322,577	\$ 12,332,177
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 8,212,098	\$ 9,073,185
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	11,587,203	11,199,002
Loss for bad debts	2,359	415,834
Changes in assets, liabilities, deferred inflows, and deferred outflows:		
Decrease (increase) in accounts receivable	31,737	(1,043,549)
(Increase) in due from other governments	(1,028,153)	(1,039,652)
Decrease (increase) in other assets	(8,944)	46,837
Increase (decrease) in accounts payable and retainage	5,117,624	3,732,458
(Decrease) increase in other liabilities	(1,816,128)	160,386
Decrease (increase) in deferred outflows of resources—deferred pension	1,936,047	75,633
Increase (decrease) in deferred inflows of resources	206,247	(304,998)
Increase (decrease) in accrued expenses	40,584	5,805
Net cash provided by operating activities	\$ 24,280,674	\$ 22,320,941
Supplemental disclosures for cash flow information:		
Non-cash investing, capital and financing activities:		
Capital assets in accounts payable at year end	\$ (1,877,080)	\$ 4,490,842
Right-of-use lease asset proceeds	\$ (40,166)	\$ -
City of New Haven share of clean water fund	\$ (918,001)	\$ -
Deferred amount on refundings recorded through:		
Reduction of unamortized deferred amounts and unamortized original issue premiums and discounts	\$ 994,288	\$ 252,171

See notes to financial statements.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies

Reporting entity: The Greater New Haven Water Pollution Control Authority (the GNHWPCA or the Authority) was organized in 2005 as a political subdivision of the State 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 2024 financial statements to conform to the 2025 financial statement presentation. These classifications had no effect on ending net position or changes in net position.

Recently adopted accounting pronouncements: GASB Statement No. 101, *Compensated Absences*. Statement 101 updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The GNHWPCA adopted Statement No. 101 during the year ended June 30, 2025 on a retroactive basis for each financial statement period presented. See details of restatement in Note 14.

The Authority adopted GASB Statement No. 102, *Certain Risk Disclosures*, which did not have a material impact on the Authority's financial statements.

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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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

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

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

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

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:

	<u>Years</u>
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

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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

contract or SBITA in the statements of revenues, expenses and changes in net position. For all other leases and SBITAs, the Authority recognizes a lease or subscription IT liability, respectively, and an intangible right-to-use lease or subscription IT asset, respectively, in the statements of net position.

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

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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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 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: The GNHWPCA recognizes a liability for compensated absences for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The GNHWPCA has adopted a FIFO flows assumption which aligns with how compensated absences are likely to be paid/settled. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only for amounts due and payable. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: An employee's vacation leave is earned through services already rendered, accumulates, and will be paid out in cash. The liability is calculated by multiplying each employee's year-end balance of unused vacation hours by their current wage rate, incorporating salary- defined benefits where applicable.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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

Sick Leave: GNHWPCA adopted the GFOA's "Hours Used" approach to calculate liabilities in compliance with GASB 101, focusing on two calculations: (1) sick leave more likely than not to be used as time off, and (2) sick leave more likely than not to be paid out in cash, emphasizing remaining sick leave after accounting for hours used, historical payout hours versus accumulated hours, and the average wage rate.

For types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period (parental leave, military leave, and jury duty), a liability is not recognized. Holidays, which are not earned or accumulated, do not meet the accumulation or attribution criteria and are therefore excluded from liability recognition. Leave types dependent on sporadic events, such as bereavement & jury duty, are also excluded from liability recognition.

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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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, 2025 and 2024, is as follows:

	2025	2024
Cash equivalents:		
Money market funds	<u>\$ 9,322,577</u>	<u>\$ 12,332,177</u>

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

Investments in guaranteed investment contracts (GIC) are recorded at contract value, which approximate fair value, and are not part of the fair value hierarchy. The value of the GIC for both June 30, 2025 and 2024, are as follows:

	2025	2024
Investment at contract value:		
Guaranteed investment contract	<u>\$ 5,896,500</u>	<u>\$ 5,896,500</u>

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, 2025 and 2024, \$67,205,658 and \$63,790,483 of the GNHWPCA's bank balance of \$72,249,647 and \$68,572,448, respectively, was uninsured and uncollateralized.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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

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

A summary of balances as of June 30, 2025 and 2024, consist of the following:

	2025		
	Unrestricted	Restricted	Total
Deposits and cash equivalents	\$ 58,983,798	\$ 9,322,577	\$ 68,306,375
Guaranteed investment contract	-	5,896,500	5,896,500
	<u>\$ 58,983,798</u>	<u>\$ 15,219,077</u>	<u>\$ 74,202,875</u>

	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
	<u>\$ 55,085,126</u>	<u>\$ 18,228,677</u>	<u>\$ 73,313,803</u>

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, 2025, 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, 2025, was \$4,325,420, of which \$451,543 is current. The total receivable at June 30, 2024, was \$4,065,964, of which \$682,331 is current. The City made principal payments of \$682,331 and \$712,463 during the years ended June 30, 2025 and 2024, respectively.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	2025				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Capital assets, not being depreciated:					
Land	\$ 3,204,728	\$ 37,100	\$ -	\$ -	\$ 3,241,828
Construction in progress	24,508,944	33,304,892	(649,526)	(7,369,186)	49,795,124
Total capital assets, not being depreciated	27,713,672	33,341,992	(649,526)	(7,369,186)	53,036,952
Capital assets, being depreciated:					
Buildings and improvements	62,264,331	395,669	-	-	62,660,000
Machinery and equipment	109,570,396	1,219,185	-	3,708,097	114,497,678
Furniture and fixtures	4,380,325	46,352	-	-	4,426,677
Infrastructure	169,963,105	1,105,036	-	3,661,089	174,729,230
Vehicles	1,926,015	600,453	(302,500)	-	2,223,968
Total capital assets being depreciated	348,104,172	3,366,695	(302,500)	7,369,186	358,537,553
Lease assets, being amortized:					
Right-to-use assets	194,616	40,166	-	-	234,782
Subscription-based information technology arrangements	121,568	-	-	-	121,568
Total lease and subscription assets, being amortized	316,184	40,166	-	-	356,350
Less accumulated depreciation for:					
Buildings and improvements	28,725,948	2,112,800	-	-	30,838,748
Machinery and equipment	48,307,593	5,605,468	-	-	53,913,061
Furniture and fixtures	3,874,300	174,525	-	-	4,048,825
Infrastructure	43,277,363	3,496,432	-	-	46,773,795
Vehicles	1,711,117	141,120	(257,125)	-	1,595,112
Total accumulated depreciation	125,896,321	11,530,345	(257,125)	-	137,169,541
Less amortization for:					
Right-to-use assets	144,938	39,492	-	-	184,430
Subscription-based information technology arrangements	52,101	17,366	-	-	69,467
Total amortization	197,039	56,858	-	-	253,897
Total capital assets, being depreciated, net	222,326,996	(8,180,342)	(45,375)	7,369,186	221,470,465
Total capital assets, lease assets and subscriptions net	\$ 250,040,668	\$ 25,161,650	\$ (694,901)	\$ -	\$ 274,507,417

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

	2024				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
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 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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 5. Restricted Assets (Continued)

At June 30, 2025 and 2024, GNHWPCA's restricted assets were being maintained for the following purposes:

	2025	2024
Debt service reserve fund—Revenue Bonds and CWF*	\$ 7,692,525	\$ 9,005,977
Debt service fund	6,929,689	7,887,033
Solids handling maintenance escrow	530,363	1,269,167
Maintenance escrow	66,500	66,500
	<u>\$ 15,219,077</u>	<u>\$ 18,228,677</u>

* Unspent bond proceeds

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

	Original Bond Issuance	Maximum Debt Service Requirement	Debt Service Reserve Fund Balance	DRSF Requirement*	Indenture
2005 Series A Rev Bonds (a)	\$ 325,000	\$ 333,125	\$ 32,500	10% **	1st
2007 Series A CWF 563-DC	8,961,758	548,910	332,593	50%	3rd
2007 Series E CWF 463-CD1	934,984	61,896	37,504	50%	8th
2009 Series C CWF 206-CSL	3,952,524	237,710	141,825	50%	13th
2011 Series D CWF 581-C1	6,121,755	368,171	73,219	2 months *	16th
2013 Series A CWF 627-C	656,236	39,467	7,849	2 months *	20th
2013 Series C CWF 441-D	3,571,120	214,772	42,706	2 months *	22nd
2013 Series D CWF 581-C2	6,276,714	377,490	75,063	2 months *	23rd
2016 Series A Rev Bond Refunding	15,550,000	1,055,150	1,057,951	100% ***	27th
2016 Series B CWF 676-C	3,160,728	190,091	37,793	2 Months *	28th
2017 Series A CWF 441-C	43,656,934	518,348	609,021	2 Months *	29th
2020 Series A CWF 711-DC	5,146,207	59,146	67,594	2 Months *	31st
2020 Series B Rev Bond refunding	32,000,000	5,291,830	2,262,841	125% ****	32nd
2024 Series A CWF 227-CSL	6,891,638	414,473	70,415	2 months *	37th
2024 Series C Rev Bond Refunding	25,115,000	5,240,000	2,814,660	10% **	39th
2024 Series D CWF 727-D	2,784,887	167,487	28,991	2 months *	40th
Total	<u>\$ 165,105,485</u>	<u>\$ 15,118,066</u>	<u>\$ 7,692,525</u>		

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

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt

Long-term debt consists of the following at June 30, 2025 and 2024:

	2025	2024
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 paid in full during 2025.	-	250,000
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 paid in full during 2025	-	15,285,000
\$15,245,000 Term Bond, issued July 2014, interest payable semi-annually at 4.00%, paid in full during 2025	-	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 maturing through November 15, 2037.	11,000,000	11,625,000
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 maturing through August 15, 2042.	29,120,000	29,685,000
2024 Series C Revenue Refunding Bonds		
\$25,115,000 of Revenue Bonds, issued July 9, 2024. The bonds bear interest of 5% and maturing through August 15, 2035.	25,115,000	-
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).	116,920	718,847
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).	784,417	1,004,052
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).	1,916,032	2,242,337
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).	1,540,711	1,722,694
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).	2,788,572	3,106,832
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.	268,992	302,713
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.	1,862,854	2,014,044
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of \$186,568, plus interest at 2% (a).	26,306,102	28,544,919
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of \$21,443, plus interest at 2%, through 2039 (a).	3,709,558	3,966,868
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of \$34,539, plus interest at 2%, through 2043 (a).	6,332,985	6,891,638
State of Connecticut Clean Water Fund obligations, due in monthly principal payment amounts of \$13,957.24, plus interest at 2%, through 2043 (a).	2,539,736	-
State of Connecticut Clean Water Fund Interim obligations, bearing interest at 2% (a).	16,786,994	7,247,374
	<u>130,513,873</u>	<u>130,177,318</u>
Total long-term debt	130,513,873	130,177,318
Unamortized bond premium	3,361,543	2,367,255
	<u>133,875,416</u>	<u>132,544,573</u>
Less current portion	8,812,221	12,181,156
	<u>\$ 125,063,195</u>	<u>\$ 120,363,417</u>

(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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

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, 2025 and 2024.

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

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

The 2016 Series A Revenue Refunding Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which this redemption takes place. For purposes of the \$15,550,000 Term Bond, the annual date of redemption begins on November 15, 2026.

Additionally, the 2005, 2008, 2012, 2014 and 2016 bond indentures contain certain restrictive and financial covenants, including a rate covenant which requires the GNHWPCA to set rates to provide for 100% of operating expenses and a Debt Service Coverage ratio of 115%.

The annual debt service requirements on the above debt at June 30, 2025, are as follows:

	Principal	Interest	Total
2026	\$ 8,812,221	\$ 3,097,439	\$ 11,909,660
2027	19,944,278	2,811,859	22,756,137
2028	14,954,769	2,518,289	17,473,058
2029	9,248,761	2,256,558	11,505,319
2030	9,671,072	2,042,987	11,714,059
2031-2036	47,266,964	6,833,206	54,100,170
2037-2041	17,667,256	1,015,901	18,683,157
2042-2047	2,948,552	112,176	3,060,728
Total	<u>\$ 130,513,873</u>	<u>\$ 20,688,415</u>	<u>\$ 151,202,288</u>

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

The activity for long-term liabilities for the year ended June 30, 2025, was as follows:

	2025				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	\$ 72,415,000	\$ 25,115,000	\$ 31,970,000	\$ 65,560,000	\$ 4,535,000
Notes payable	50,514,944	2,784,887	5,132,952	48,166,879	4,277,221
Interim obligations	7,247,374	12,228,096	2,688,476	16,786,994	-
Compensated absences*	2,291,730	198,251	-	2,489,981	238,675
Net pension liability	14,694,121	-	1,965,196	12,728,925	-
Subscription liability	65,733	-	14,847	50,886	15,871
Lease liability	56,663	-	1,346	55,317	41,893
Total long-term liabilities	<u>\$ 147,285,565</u>	<u>\$ 40,326,234</u>	<u>\$ 41,772,817</u>	<u>\$ 145,838,982</u>	<u>\$ 9,108,660</u>

* As restated for GASB 101, *Compensated Absences*- See Note 14

In accordance with GASB 101, *Compensated Absences*, the increase or decrease for compensated absences has been presented on the net basis.

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
Compensated absences*	2,303,993	-	12,263	2,291,730	68,752
Net pension liability	14,472,288	221,833	-	14,694,121	-
Subscription liability, as restated	79,606	-	13,873	65,733	14,847
Lease liability	95,772	-	39,109	56,663	41,560
Total long-term liabilities	<u>\$ 150,975,518</u>	<u>\$ 12,237,933</u>	<u>\$ 15,927,886</u>	<u>\$ 147,285,565</u>	<u>\$ 12,306,315</u>

* As restated for GASB 101, *Compensated Absences*- See Note 14

Advance Refunding: On July 23, 2024, the Authority authorized the issuance of \$25,115,000 in revenue refunding bonds, 2024 Series C. The bonds were issued to refund the remaining portion of the 2014 Series B bonds. Of the proceeds of \$28,146,592 (after payment of \$344,744 in underwriter fees and other costs), \$27,800,487 was placed in an irrevocable trust fund under an Escrow Agreement. The net present value savings was \$1,670,574 and cash savings of \$1,855,635. The balance in escrow at June 30, 2025 was \$0.

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. As of June 30, 2025, \$0 was due.

Note 7. Interest Cost

The total cash paid for interest during the years ended June 30, 2025 and 2024, was \$2,903,746 and \$3,739,699, respectively.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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.

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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

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.
- 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:

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

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.

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, 2025 and June 30, 2024, were based upon the June 30, 2024 and June 30, 2023 actuarial valuations, respectively. The actuarial assumptions used in the June 30, 2024 and 2023 valuations 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, 2024 (no change in assumptions from June 30, 2023 valuation), 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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

- 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.

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, 2024 and 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% for both June 30, 2024 and June 30, 2023. 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:

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

Sensitivity of net pension liability as of June 30, 2025:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net pension liability	\$ 18,635,644	\$ 12,728,925	\$ 7,772,130

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

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, 2024 and 2023, the average of the expected remaining service lives of all employees calculated by our external actuaries is 5.21 and 5.26 years, respectively.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources: At June 30, 2025, the GNHWPCA reported a liability of \$12,728,925 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, 2024, 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 2024, relative to the total expected contributions of all participating employers for that fiscal year. At June 30, 2025 and 2024, GNHWPCA's proportion was 4.058662% and 4.221399%, respectively.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 9. Retirement Plan (Continued)

For the year ended June 30, 2025, GNHWPCA recognized pension expense of \$1,887,096. At June 30, 2025, 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	\$ 661,687	\$ -
Net difference between projected and actual investments earnings	-	(237,904)
Change in proportion and differences between employer contributions and proportionate share of contributions	204,482	(570,753)
Contributions subsequent to the measurement date	1,530,902	-
Change of assumptions	741,508	-
Total	<u>\$ 3,138,579</u>	<u>\$ (808,657)</u>

As of June 30, 2025, \$1,530,902 was reported as deferred outflows of resources related to pensions resulting from the GNHWPCA's contributions in fiscal year 2025, subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. 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:	
2025	\$ 98,596
2026	1,123,586
2027	(149,139)
2028	(264,402)
2029	(9,621)

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	<u>\$ 5,074,626</u>	<u>\$ (602,410)</u>

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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:

2025	\$ 465,782
2026	1,529,175
2027	200,395
2028	82,373

The GNHWPCA also recognized a contribution payable to the State of \$639,379 and \$688,562 at June 30, 2025 and 2024, respectively. Such amounts are recorded as a component of accounts payable in the statements of net position.

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, 2024. 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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 10. Commitments and Contingencies (Continued)

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, 2025, the Authority paid operations and maintenance fees totaling \$2,292,181, compared to \$2,218,615 for fiscal year ended June 30, 2024.

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.

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.

The agreement was amended and restated as of May 28, 2024 with an effective date of September 15, 2024 with a term of 5 years from the effective date with an option for a 15-year extension. The amended agreement sets the service fee at \$365 per dry ton with a surcharge of \$35 per dry ton for any tons processed over 25 dry tons per day on an annual average (9125 dry tons/year). Synagro is required to pay a royalty of \$60 per ton for any outside sludge processed. The Royalty is not required to be deposited into a sinking fund. Capital projects over \$50,000 per year are to be reimbursed 50% by the GNHWPCA. Capital projects less than \$50,000 are to be paid fully by Synagro unless specifically requested by the GNHWPCA. All Capital projects subject to reimbursement require prior approval by the GNHWPCA. The GNHWPCA is required to pay a management fee of \$219,000 per year which is reduced by 5% for each dry ton below 20 dry tons/day annual average (7300 dt/y) of outside sludge processed. The service fee, management fee and Royalty are subject to an annual adjustment due to inflation.

At June 30, 2025 and 2024, the GNHWPCA has \$1,795,878 and \$556,478, 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

The Authority entered into various leases for equipment and uniforms, which have terms ranging from 27 months to 8 years and an interest rate of 3.44% (applies to all three leases).

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 11. Leases Payable (Continued)

Amount of lease assets by major classes of underlying asset as of June 30, 2025:

Asset Class	As of Fiscal Year-End	
	Lease Asset Value	Accumulated Amortization
Other	\$ 229,648	\$ 183,390
Equipment	5,134	1,040
	<u>\$ 234,782</u>	<u>\$ 184,430</u>

Principal and interest requirements to maturity:

Fiscal Years	Principal Payments	Interest Payments	Total Payments
2026	\$ 41,893	\$ 1,291	\$ 43,184
2027	5,265	435	5,700
2028	4,389	261	4,650
2029	3,770	130	3,900
	<u>\$ 55,317</u>	<u>\$ 2,117</u>	<u>\$ 57,434</u>

Amount of lease assets by major classes of underlying asset as of June 30, 2024:

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 194,616	\$ 144,938
	<u>\$ 194,616</u>	<u>\$ 144,938</u>

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, 2025, the value of the subscription liability is \$50,886. The subscription has an interest rate of 3.44%. The Authority had a termination period of two months as of the subscription commencement.

Amount of subscription assets by major classes of underlying asset:

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 121,568	\$ 69,467
Total subscriptions	<u>\$ 121,568</u>	<u>\$ 69,467</u>

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

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

Principal and interest requirements to maturity:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 15,871	\$ 1,751	\$ 17,622
2027	16,944	1,205	18,149
2028	18,071	622	18,693
	<u>\$ 50,886</u>	<u>\$ 3,578</u>	<u>\$ 54,464</u>

Amount of subscription assets by major classes of underlying asset as of June 30, 2024

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 121,568	\$ 52,101
Total subscriptions	<u>\$ 121,568</u>	<u>\$ 52,101</u>

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. 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.

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 14. Change in Accounting Principle

Effective July 1, 2023, the Authority implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The effect of the implementation of this standard is shown in the table below.

	Net Position		
Balance as previously reported, June 30, 2023	\$ 173,131,022		
Adjustment:			
Changes in Accounting Principle for GASB 101, <i>Compensated Absences</i>	70,282		
Balance as Restated, July 1, 2023	<u>\$ 173,201,304</u>		
	Compensated Absences, Current	Compensated Absences, Noncurrent	Net Position
Balance as previously reported, June 30, 2024	\$ 71,627	\$ 2,315,926	\$ 187,094,571
Adjustment:			
Changes in Accounting Principle for GASB 101, <i>Compensated Absences</i>	(2,875)	(92,948)	95,823
Balance as Restated, July 1, 2024	<u>\$ 68,752</u>	<u>\$ 2,222,978</u>	<u>\$ 187,190,394</u>

The cumulative effect of the implementation of this standard for the year ended June 30, 2024 is summarized in the table below related to the statement of revenues, expenses and changes in net position and cash flows:

	Originally Presented	Change in Accounting Principle	2024 as Restated
Operation and maintenance	\$ 28,104,753	\$ (25,542)	\$ 28,079,211
Total operating expenses	39,303,755	(25,542)	39,278,213
Operating income	9,047,643	25,542	9,073,185
Income before capital contributions	7,932,521	25,542	7,958,063
Change in net position	13,963,549	25,542	13,989,091
Net position, beginning of year, as originally reported			173,131,022
Change in accounting principle			70,282
Net position, beginning of year, as restated			173,201,304
Net position, end of year	<u>\$ 187,094,571</u>	<u>\$ 95,823</u>	<u>\$ 187,190,394</u>
Net cash provided by operating activities	\$ 22,320,941	\$ -	\$ 22,320,941
Operating income	9,047,643	25,542	9,073,185
Adjustments to reconcile operating income to net cash provided by operating activities			
Increase (decrease) in accrued expenses			
Increase in other liabilities	<u>\$ 185,928</u>	<u>\$ (25,542)</u>	<u>\$ 160,386</u>

Greater New Haven Water Pollution Control Authority

Notes to Financial Statements

Note 15. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 18, 2025.

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,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,530,902	\$ 1,388,263	\$ 1,435,738	\$ 1,236,065	\$ 1,044,513	\$ 877,986	\$ 722,985	\$ 707,169	\$ 628,493	\$ 640,404
Contributions in relation to the actuarially determined contribution	1,530,902	1,388,263	1,435,738	1,236,065	1,044,513	877,986	722,985	707,169	628,493	640,404
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 6,627,676	\$ 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
Contributions as a percentage of covered-employee payroll	23.10%	20.44%	21.72%	19.63%	17.13%	15.04%	12.10%	12.37%	11.26%	11.97%

*This schedule is presented to illustrate the requirement to show information for 10 years.

Notes to Schedule

Valuation Date: June 30, 2024

Measurement Date: June 30, 2024

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
Remaining amortization period	Blended 23.4 - 23.5 years depending on Tier
Asset valuation method	Smoothed market with 20% recognition of investment gains and losses
Inflation	2.50%
Salary Increases	3.00-9.50%
Investment rate of return	7%

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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GNHWPCA's proportion of the net pension liability	4.0586620%	4.2213990%	4.0275980%	4.4040640%	4.5444409%	4.318585%	4.239083%	4.075540%	4.075540%	3.011707%
GNHWPCA's proportionate share of the net pension liability	<u>\$ 12,728,925</u>	<u>\$ 14,694,121</u>	<u>\$ 14,472,288</u>	<u>\$ 8,251,011</u>	<u>\$ 13,559,131</u>	<u>\$ 11,470,501</u>	<u>\$ 9,901,970</u>	<u>\$ 4,877,689</u>	<u>\$ 5,948,997</u>	<u>\$ 3,294,094</u>
GNHWPCA's covered-employee payroll	<u>\$ 6,627,676</u>	<u>\$ 6,792,840</u>	<u>\$ 6,610,326</u>	<u>\$ 6,297,267</u>	<u>\$ 6,098,172</u>	<u>\$ 5,835,974</u>	<u>\$ 5,973,474</u>	<u>\$ 5,715,345</u>	<u>\$ 5,583,297</u>	<u>\$ 5,349,972</u>
GNHWPCA's proportionate share of the net pension liability as a percentage of its covered payroll	<u>192.06%</u>	<u>216.32%</u>	<u>218.93%</u>	<u>131.03%</u>	<u>222.35%</u>	<u>196.55%</u>	<u>165.77%</u>	<u>85.34%</u>	<u>106.55%</u>	<u>61.57%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72.85%</u>	<u>69.54%</u>	<u>68.71%</u>	<u>82.59%</u>	<u>71.18%</u>	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>