Fiscal Year 2023 Annual Report

WE ARE THE RWA

Regional Water Authority

Our Higher Purpose is to make life better for people.

Our Mission is to provide customers with high-quality water and services at a reasonable cost while promoting the preservation of watershed lands and aquifers.

Our Vision is to be an innovative water utility that sustains life, strengthens our communities and protects natural resources for future generations.

Our STARS Values are **S**ervice, **T**eamwork, **A**ccountability, **R**espect and **S**afety.

The Power of Our People

The RWA's employees are remarkable in their contributions and dedication to our customers and service communities. With our higher purpose, mission, vision and STARS values guiding us throughout fiscal 2023, our teams of employees worked together to ensure all of our customers enjoyed the highest quality, most dependable and affordable drinking water and related services. Learn more in our fiscal 2023 Annual Report, which is dedicated to all of our employees who work hard every day to make lives better for people by delivering water for life.

Aaron Gore, Distribution Team Lead, oversees our water distribution crews who perform a myriad of maintenance and repair work on our network of pipes, valves, hydrants, storage facilities and water services.

Brent Domkowski, Purchasing Agent (left), with **Peter Bocciarelli, Director of Procurement**, certifies that the RWA's suppliers comply with all environmental, health and safety laws, rules, regulations and organizational standards.

Maureen Melilo (left), and **Muhammad Beig, Billing & Collections Supervisors,** are part of our Billing & Collections team, which is responsible for the billing and collection of fees for water service. Department staff also assists customers in locating water leaks in their homes.

Message from Our CEO and Board Chairs

Every day, some 430,000 people depend on the South Central Connecticut Regional Water Authority (RWA) to provide safe, high-quality drinking water and related services that we are proud to deliver. The RWA has a 174-year history of quality, innovation, value and service, and in fiscal 2023, our 270 employees delivered another year of strong operational and financial performance as "One Team, One RWA."

Through a concentrated focus on engaged and skilled employees, safe and efficient operations, satisfied customers, and investments in infrastructure and our commercial business, the RWA created a pathway to sustainable growth.

Fiscal 2023 offers many examples of how the RWA and our employees delivered on our higher purpose to make life better for people, playing a vital role in public health and safety, and improving the communities we serve. This year's letter highlights some of the RWA employees driving our strategic projects, innovative programs and meaningful partnerships, and the progress we've made on our journey to become a 21st-century water utility and environmental services company.

Water Quality

Providing customers with safe, high-quality drinking water is at the core of what the RWA does. Every day we conduct more than 100 tests on our water – we test at the source, at the treatment plants, in our distribution system and at customer taps. We continuously deliver water that meets or is better than the U.S. Environmental Protection Agency (EPA) and Connecticut Department of Public Health (DPH) regulatory standards.

The RWA has always been focused on minimizing the risk for lead to get into drinking water. As far back as the late 1980s, we worked to eliminate known lead service lines. EPA's Lead and Copper Rule (LCR) outlines new regulations to decrease the chance of lead contaminating drinking water. Recent revisions to the LCR include efforts to remove privately owned lead and galvanized steel pipes, as well as increasing communication and educating the community about lead risks.

In 2023, the RWA progressed with its comprehensive multi-year plan to ensure compliance when the revised rule takes effect in 2024. Relatedly, the DPH chose the RWA to be among the first four water agencies to pilot the EPA's Lead Service Line

Leyland Morales, Lab Analyst, works in our nationally and state-certified environmental testing laboratory. She is among a team of more than 10 scientists and analysts who conduct over 80,000 tests annually to ensure that high-quality water reaches customers' taps.

As a **Water Treatment Operator, Charlemange Van Graan** helps to ensure that the water the RWA delivers meets or is better than all federal and state requirements for quality and safety. Our treatment plant operators maintain a Class IV Water Treatment Operator Certification, the highest standard in the state.

Will Henley, Aquatic Resource Scientist, on Lake Saltonstall in Branford using a state-of-the-art water quality monitoring instrument to measure biological and chemical parameters. Continuous monitoring of lakes plays a crucial role in surface water management. It helps establish baseline data, track trends and identify changes in water quality caused by weather patterns and storm events.

Replacement Accelerator Program. As part of the initiative, the EPA will provide hands-on support to guide communities through the process of lead service line removals, from start to finish.

When the U.S. Congress passed the 1996 Safe Drinking Water Act amendments, the EPA was given the authority to require each community water system to provide each of their customers with a Consumer Confidence Report (CCR) every 12 months. The RWA has been producing water quality reports since 1990, well ahead of the regulatory requirement. The annual CCR covers various water quality issues, describes where your water comes from, discusses drinking water standards and compares the quality of your drinking water to state and federal regulations. The RWA's 2021 CCR received a bronze award in the Special Publications category at Utility Communicators International's (UCI) prestigious Better Communications Competition (BCC). Incorporated in 1921, UCI is the first and oldest organization of its kind, and the BCC is among the longest-running awards programs for excellence in utility communications.

Customers and Other Stakeholders

Seeing from the perspective of our customers allows us to create the best experiences. One way we enhance people's lives is through continual improvement and by streamlining our processes through technology and innovation.

Increasingly, self-service experience is what many customers expect. In fiscal 2023, we made enhancements to our new RWA app. Customers can more easily manage their account online and interact with the app to make a payment and request services like stopping and starting service and much more.

Since we began offering electronic billing a few years ago, nearly 39% of our customers have enrolled in the program, which allows them to save time and pay online at their convenience instead of receiving traditional paper bills in the mail. In fiscal 2023, over 41,000 customers enrolled in e-Billing, resulting in saving more than $110,000 on paper, printing and postage, and multiple beneficial environmental impacts.

Kurt Sampara, Water Quality Team Lead, takes a water sample in Hamden. The RWA has many water testing sites scattered throughout our water district, including healthcare facilities, town halls and specially placed sampling taps like this one.

Isaiah Brooks, IT Engineer & Support Specialist (left), **Keith Schlottman, End-User Support Manager** (center), and **Ed Carboni, Manager of Applications & Special Projects,** are some of our Information Technology (IT) professionals who provide technological support for a variety of business processes within the company and establish strategies for meeting the RWA's technology needs and ensuring data security and integrity.

Louise Damico, Customer Experience Manager, works with consumers to resolve matters and make sure that each touchpoint across the customer journey is engaging, efficient and effective.

To expand self-service options and improve convenience for customers, we launched a new online customer portal. This portal helps customers save time by offering easier account recovery, improved electronic bill presentation and payment options, access to important notifications, detailed conservation and meter analytics that include leak detection capabilities, and integration with our recently completed Advanced Metering Infrastructure (AMI) program. All AMI endpoints on our network use monitoring software to identify and eliminate potential cyber threats.

As we continuously work to improve the customer experience, we embarked on a multi-year project to develop and deploy a new state-of-the-art Customer Information System (CIS). This new customer information and billing system will replace a 13-year-old CIS, and the project is one of the largest capital projects centered on customer service in the RWA's history. When completed in fiscal 2025, the new CIS platform will provide the RWA with the continued opportunity to provide best-in-class customer service, including enhanced stability, additional self-service capabilities and more powerful data analytics.

As the water industry continues to evolve, we believe those companies focused on delivering outstanding customer service will be in the best position to thrive and succeed. Keeping technology up to date is critical, but it's our employees who make the real difference in serving customers and meeting their expectations. In fiscal 2024, we're providing a service training program for all employees, regardless of their role, to raise our level of service excellence at the RWA. It will set new standards for service delivery and inform how we interact with each other, our customers and other stakeholders.

Infrastructure Investments

Operational excellence is at our core. It is the rigor and procedures we use to design, build and operate our complex water systems.

Our capital investment program is a critical factor in delivering consistent, high-quality service to all our customers, as well as improving public health and safety. In fiscal 2023, we committed over $42 million to upgrade and renew water treatment plants, pipes, pumping stations and other essential facilities. Over the next five years, we will invest approximately $357 million in total capital infrastructure, or nearly $3,000

Angelo Giannotta, Meter Repairer, performs a wide variety of duties including the testing, maintenance, repair and servicing of residential, commercial and industrial water meters, as well as operating Automated Metering Infrastructure software for billing and reports.

Janeen Carrano, Training Manager, engages employees participating in one of the company's many career development-training exercises. By offering on-site, online and mobile access to training and resources, the RWA is investing to ensure our workforce is prepared for the future.

Amanda Schenkle, Manager of Safety and Risk, uses a photoionization detector to identify any volatile organic compounds in the air. Among Amanda's many duties, she works to ensure the health and safety of our 270 employees.

per customer. That marks an increase of over 50% from 2020 for infrastructure investment.

The RWA primarily uses debt financing to fund capital improvements. Beginning in 2011, we took steps to generate capital funds internally. During fiscal 2023, we self-funded about one quarter, or approximately $10.1 million, of our capital improvement program. Generating internal funds and other self-funding mechanisms mitigates future debt service costs and water rate increases.

In fiscal 2023, we fully deployed the innovative NO-DES closed-loop water main cleaning equipment, given its successful pilot in fiscal 2022 and its overall effectiveness in reducing customers' discolored water concerns and preserving the water within our distribution system during flushing activities. NO-DES technology allows us to recycle water and reduces turbidity in repeated flushing areas. Moreover, the closed-loop system extends our flushing window to nine months of the year.

We will achieve a major milestone in late 2023 with the completion of our new one-million-gallon water tank to supply the Ansonia-Derby service area. When operational, the Derby water storage tank will improve fire flow capacity, provide increased water pressure and storage, and deliver additional system reliability west of the Naugatuck River. Many community agencies from the Valley area united to support the construction of this essential infrastructure, including the City of Derby and its Mayor Richard Dziekan, the Derby Board of Alders, Derby Fire Department, Ansonia Mayor David Cassetti, Ansonia Fire, Griffin Hospital and RWA Representative Policy Board (RPB) member Frank Pepe.

Built in the 1850s, the Lake Whitney Dam in Hamden has reliably served the community for generations due to regular maintenance and safety inspections. To ensure it remains strong and operational for another century, last year we progressed on a project that will preserve the historic and iconic dam and increase its spillway capacity and overall stability. In fiscal 2023, we researched grant funding sources to prevent or mitigate any historical impacts, and anticipate receiving at least $500,000 in state-bonded grants. Additionally, we engaged in an Early Contractor Involvement program to improve the final design and make recommendations for the preferred upstream or downstream alternative selection.

Brian Canterbury, Senior Project Engineer (left), and **Orville Kelly, Manager of Design and Construction,** review plans for the new one-million-gallon water tank in Derby that will provide storage to meet peak flows during maximum day demands and increase the amount of water available for emergencies.

Our Water Mains & Service and Construction crews perform a lot of complex work every day on our more than 1,700 miles of pipeline to improve water service reliability. **Anthony Spero** (left) and **Anthony Dellacamera,** both **Construction Utility Techs,** work on a gate valve in North Haven. Projects like this avoid service disruptions and reduce water waste caused by leaks.

Mike Bova, Control Room Attendant, in the "nerve center" of the RWA's water distribution network. He, along with six other colleagues, monitors and manipulates the reliable operation of the RWA's distribution system 24/7/365.

Environmental Stewardship

Another aspect of the RWA's citizenship that contributes to our reputation in the region is our environmental protection efforts.

In fiscal 2023, our watershed experts conducted 778 watershed inspections, looking for potential chemical or bacterial contamination, sedimentation and erosion, as well as the illegal dumping of waste materials on water supply watersheds and aquifer protection areas. We responded to 34 violation incidents on watersheds and aquifer areas that provide our drinking water. In addition, we reviewed nearly 60 site plans and helped local zoning commissions guide development plans away from sensitive natural resources that protect drinking water quality.

For over 30 years, the RWA has operated HazWaste Central, Connecticut's first permanent collection facility for household hazardous waste. In that time, the program has helped residents of member communities safely dispose of waste from more than 200,000 households. The program helps divert that waste from being improperly disposed of in a landfill. Since its inception, this program prevented over 100,000 gallons of hazardous waste from going into the regular garbage.

Through our recreation permit program, in fiscal 2023, some 5,000 people got to see firsthand how we manage our watershed properties to protect drinking water quality. For many, including young people, these lands are hidden treasures in which to walk, hike, jog and fish. In partnership with the New Haven Police Activity League, we provided unique opportunities for city kids to enjoy a day of fishing and exploring the great outdoors.

RWA employees are involved in various statewide public policy workgroups and initiatives aimed at protecting the environment, water resources and the future of the state's drinking water supply. They collaborate and participate in the Governor's PFAS Task Force and Climate Change Council, the Connecticut Water Planning Council Workgroups, the Connecticut Section of the American Water Works Association and the Connecticut Water Works Association, to name a few.

Amy Velasquez, Environmental Compliance & Sustainability Lead (left), **Chuck Gaura, Manager, Head of Facilities** (center), and **Amrik Matharu, Director of Distribution Systems,** are part of a cross-functional team of experts who work together to maintain our solar array, optimize the operation of our distribution system and track our emissions to ensure the company is on pace to meet our carbon reduction and sustainability goals.

Bill D'Amicis, one of our **seasonal recreation workers,** patrolling Lake Saltonstall in Branford to check on permit holders who are fishing for trout, bass and walleye. In addition to lake fishing, we have nearly eight miles of secluded streams running through seven pristine watersheds. These properties rank as some of the top freshwater fisheries in Connecticut, stocked with trophy-sized fish.

Paul Ruggiero, Police Captain (left), with **Police Officer Dennis Putnam** patrolling on foot at one of the RWA's nine recreation properties. Our internal police department serving our water district communities has the same jurisdictional rights and arrest authorities as a town or municipal police agency.

Community Engagement

As a purpose-driven and mission-based organization, our goal is to make life better for people.

On duty and off, our employees give of their time, volunteering with numerous community organizations and making a difference where they work and live. The company also encourages its employees to engage in goodwill through its employee giving campaign and matching gift program.

Each year, we embark on a company-wide initiative with the United Way of Greater New Haven to fulfill a variety of needs across our regional footprint. In fiscal 2023, RWA employees donated approximately $35,000 to the campaign through payroll deductions and company events.

Annually, thousands of students find water at the center of a school lesson with our environmental science program. In fiscal 2023, we reached over 8,300 students from more than 30 schools with our education program and annual Environmental Summer Camp that exposes high school students to water industry careers. The education is delivered in person or virtually with our educators bringing hands-on learning and water experiments aligned to Connecticut's Core Standards.

Another way we make a difference in our communities is through our affiliate, the Claire C. Bennitt Watershed Fund. Some two decades ago, we established the Fund as a nonprofit charity dedicated to watershed preservation and environmental education. In fiscal 2023, the Fund allocated $52,500 in scholarships to 11 students who are pursuing coursework in environmental science.

Through our Residential Water Assistance Program that we manage with Dollar Energy, we provide financial aid to those who may need a helping hand paying their water bill. During and since the COVID-19 pandemic, we provided nearly $120,000 in assistance to ensure no customer was without water service in times of financial hardship. We also participated in the rollout of the 2021 Low Income Household Water Assistance Program, a national platform established through the American Rescue Plan Act to help families experiencing financial challenges due to the COVID-19 pandemic. Through our participation in this program, since 2021 nearly $750,000 has been provided for the benefit of our customers. Moreover, to assist customers facing hard times during the pandemic, we suspended water service shutoffs due to nonpayment.

Lisa DiFrancesco, Multimedia Communications & Education Team Lead (left), with **Paris Robberstad, Education & Environmental Programs Assistant,** at a third-grade classroom in Hamden educating future water consumers and environmental advocates. The RWA provides free, hands-on water science programs to schools within the RWA service district.

As a **Senior Environmental Analyst, Ron Walters,** along with several other colleague's passion for the natural world and green thumbs led to the growth of pollinator plants at the RWA's New Haven headquarters to provide needed habitat for butterflies, bees and other insect pollinators whose populations are plummeting.

Nicole Smith, Natural Resources Analyst (left), and **Casey Cordes, Forester,** are responsible for the health of more than 27,000 acres of protected watershed. Their work is vital to the health of the environment and the safety of the thousands of people who visit our recreation areas each year.

In fiscal 2023, we continued our journey to build and refine our diversity, equity and inclusion approach that drives our strategic plan and business, shapes our culture, and helps us deliver on our higher purpose and live our STARS values. Throughout fiscal 2023, we strengthened diversity within our overall workforce, enhanced our diverse supplier network, and created new opportunities through our business resource group, TIDE (Tapping Inclusion, Diversity and Equity), for employees of all backgrounds and experiences to collaborate, share perspectives and contribute to the RWA's success.

To further water as an asset and driver of economic growth for our region, we collaborate with the Greater New Haven Chamber of Commerce to match viable water-intensive industries with regional economic development efforts. This unique community partnership also helps existing businesses grow and thrive, remain in the region and encourage workforce development. Since its formation in 2020, the Chamber's business retention and growth program specialist visited over 300 area companies; provided more than 600 resources for information, education and advocacy; and uncovered nearly 1,200 new job potentials. Moreover, we offer an economic development rate as an incentive to encourage new commercial customers in our service area that are significantly expanding operations.

To meet the region's workforce needs, we continue to collaborate with Southern Connecticut State University (SCSU) and Gateway Community College to advance first-of-its-kind public utility management degree and certification programs. Throughout fiscal 2023, the RWA, along with other state utility partners, provided input to the SCSU School of Business dean and faculty about the curriculum and learning outcomes aimed at enhancing the overall efficacy of the program and interest by students.

The RWA was proud to receive SCSU's School of Business Leadership Award in 2023. The RWA, along with other community partners, was lauded for outstanding contributions within the School of Business and the region.

RWA President & CEO Larry Bingaman (left) with **Dr. Jess Boronico, Dean of Southern Connecticut State University's (SCSU) School of Business.** The RWA is a strong advocate and partner of SCSU's work to increase access to higher education and is working with SCSU, Gateway Community College and the state's utilities to meet the region's workforce needs and to train the next generation of skilled utility workers.

Teamwork is a core value at the RWA, and we're proud of our work to be an inclusive and welcoming company. Our higher purpose of making life better for people is ingrained in who we are and how we care, grow and unite as One Team, One RWA. Pictured here: **Ed Crowder, Senior Communications Specialist** (left), with **Gina Smith, Human Resources Information Systems and Benefits Manager.**

Ed Villano, Crew Chief, inspects one of the dozens of vehicles in the RWA fleet. The RWA has multiple mechanics on staff to ensure each of our 300 vehicles, trucks and equipment are in good working order and safe for our employees to drive and operate.

Diversifying Our Business

As we set our sights on continued growth, we are focused on economically and sustainably investing in our infrastructure and diversifying our commercial services. As we've done for years, we continue to invest in our existing commercial programs such as PipeSafe, WellSafe and environmental lab services. In 2023, we submitted applications to our RPB for two Connecticut-based plumbing companies to join our Well Services family. Those acquisitions will build on the RWA's commercial strengths in water-related services.

Our commercial growth strategy also includes partnerships and relationships with contiguous municipalities to offer our popular pipe protection program to homeowners outside of the RWA service territory. In fiscal 2023, we welcomed customers of the Southeastern Connecticut Water Authority and residents from the towns of Meriden, Wallingford and Wolcott to the RWA's PipeSafe suite of services.

Along with our current two Well Services entities, growth from our PipeSafe programs, environmental laboratory services, rental income and other proprietary services resulted in fiscal 2023 revenue of approximately $12.5 million.

Our commercial business ventures allow us to expand our innovative services and solutions to more customers and clients, and help boost revenue to counterbalance prospective water rate increases. For every $1.2 million in commercial service net income, the RWA is able to offset rate increases by approximately one percent.

In addition to our commercial business revenue, we have been able to mitigate costs and rate increases because we have taken a number of steps to improve our operating and capital efficiency. Since 2009, we achieved operating efficiencies and other savings of about $28.1 million, which resulted in lessening water rate increases by about 22 percent.

As a way to further minimize rate increases by reducing the cost of debt, we pursue refinancing and low-cost Drinking Water State Revolving Fund (DWSRF) financing opportunities. Through fiscal 2023, we secured $31.2 million in DWSRF loans and grants totaling approximately $4.3 million, with additional DWSRF financings planned in fiscal 2024 and beyond. In addition, we obtained approximately $5.5 million for water treatment plant upgrades approved for Congressional Directed Spending, with other projects pending.

Josh Tracy, Invasive Species Technician, is one of two trained employees who operate drones to conduct visual inspections and monitoring of RWA facilities, water supply sources, infrastructure and other remote and hard to reach locations. As an early adopter of drone technology in the water industry, the RWA has conducted nearly 75 drone flights in 30 locations since 2020.

Carlo Espineli, Senior Accountant (left), pictured with **Rochelle Kowalski, Vice President and Chief Financial Officer,** oversees all aspects that go into producing accurate and compliant company financial reports, from cost productivity and margins all the way down to expenditures.

As a **Technician-Assistant Apprentice, Jon Allen** (foreground) works with **Technician-Apprentice Tristan Wales** from Roach Plumbing—an RWA Well Services Company.

The Path Forward

Our long-term success is dependent on the engagement and skills of the RWA's employees and our "One Team, One RWA" call to action and approach. We would not be able to sustain our long history of achievement without skilled people focused on delivering outstanding service to customers and finding new, innovative ways to evolve and improve the business.

A dedicated and top-notch team is on board to navigate us forward, including the newest additions to our leadership team: Elizabeth Calo, General Manager – Head of Human Resources and Jim Hill, General Manager – Head of Operations. We also congratulate Mario Ricozzi, immediate past chair of the RPB, who filled the seat left vacant on the Authority Board following the passing of longtime board member Anthony DiSalvo, as well as acknowledge Robert Harvey, the RPB's representative from Prospect, who was selected as the RPB's new chair.

We're excited by the prospects for the future and are well positioned for continued success. Thank you for your interest in the RWA and in our 270 professionals who work hard every day to deliver exceptional service and care to our customers and communities.

Sincerely,

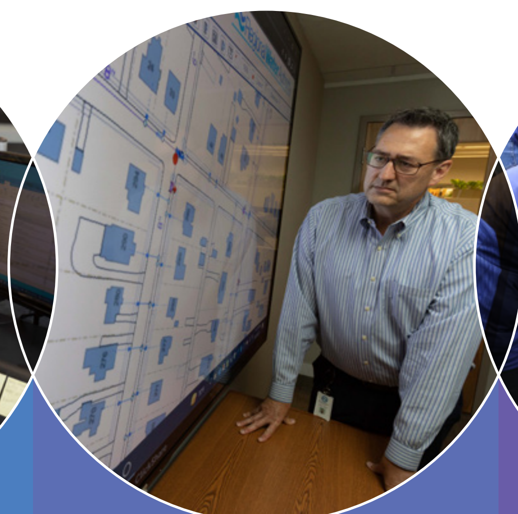
Larry L. Bingaman
President and Chief Executive Officer

David J. Borowy
Chair, Regional Water Authority

Robert E. Harvey, Jr.
Chair, Representative Policy Board

October 1, 2023

April Jones, Customer Care Representative, serves RWA consumers as part of our local call center team. We have a full team of agents who provide prompt, courteous service, which is a core value at the RWA.



Jim Gagnon, GIS Program Manager, oversees the RWA's Enterprise Geographic Information System, which maps more than 1,700 miles of water main; a key component of our intelligent water management system.

Employee volunteers gathered to plant trees at a community park in New Haven as part of the RWA's inaugural Arbor Day Tree Planting event.

In Memoriam
Anthony DiSalvo

Anthony (Tony) DiSalvo, a longtime member of the five-member Authority Board and immediate past chair, passed away in 2023 after a lingering illness.

Tony joined the five-member Authority Board in 1999, was elected chair in 2010 and served in that capacity until 2020. He served two terms as vice chair, once in 2009 and most recently in 2021, before reprising his role as a Board member in 2022.

"Tony was not only a close friend, colleague and collaborator, but a mentor to me as well," said Larry Bingaman, RWA President & CEO. "I greatly respected his strategic leadership, keen insights and passion for the community, steady hand and sense of humor that will be deeply missed by those of us lucky enough to have known him. We all owe Tony a deep sense of gratitude for his tireless efforts to ensure our organization will meet the region's water and land management needs now and long into the future. He has been a highly effective director and friend of the RWA, and we will sorely miss his guidance."

"The Authority Board is very grateful to Tony for his enduring commitment to the RWA, its customers and the communities we serve," said David Borowy, Authority Board Chair. "During his tenure, in addition to serving in key board roles as chair, vice chair and secretary/treasurer, Tony served as chair of the Pension Committee, Audit-Risk Committee and the Compensation Committee. We will be forever grateful to Tony for his dedication and service to the RWA. He was a wonderful mentor to me in the art of collaboration and working together with our stakeholders. It has been a privilege for me and the other Authority Board members to work alongside him."

"A spirit of service has been a hallmark characteristic of Tony's career," said Mario Ricozzi, Immediate Past Chair of the Representative Policy Board. "Tony's vision and counsel have embodied his commitment to the RWA and the community at large. He was a tremendous supporter of the RWA, its people and its mission, and for that, I will always be appreciative of his impact here."

In addition to his commitment to the RWA, Tony was a staunch community supporter whose mission was to help improve the lives of others by being an advocate for positive change. His community involvement included acting as a board director and treasurer for the Integrated Refugee and Immigration Service; serving as a board director of the RWA affiliate, the Claire C. Bennitt Watershed Fund, Inc.; a board director for the International Association of New Haven; and chair of the Visiting Nurse Association board. Tony's other positions held in the community included president of the Greater New Haven Manufacturers' Association and Cornerstone, Inc., in addition to acting as a commissioner for the Connecticut Board of Mental Health and for the Quinnipiack Valley Health District. He was a driving force for the Greater New Haven Community Loan Fund and served the Department of Mental Health Catchment Area Council in the role of director.

Throughout his career, Tony was able to influence young minds through his position as a professor of business at Antioch/New England graduate school, Southern Connecticut State University's graduate school and Albertus Magnus' graduate school. He was also a lecturer in psychiatry at Yale University.

Our Fiscal Year by the Numbers (June 1, 2022–May 31, 2023)

44
million gallons of water treated per day on average

$663
million value of net capital assets and land

159
billion gallons of treated water produced

7,408
water quality samples collected

~1 cent
price per gallon of treated water

270
employees worked on behalf of our 430,000 customers

0
reportable water quality citations or violations

15,994
customer service field visits completed

81,159
water quality analyses or tests performed

97.1%
consumer callers who rated RWA as good or excellent in transaction surveys

73,542
calls to our customer care team

8,361
children served by our water education programs

South Central Connecticut Regional Water Authority

Financial Statements as of and for the years ended May 31, 2023 and 2022, and Independent Auditors' Report

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Independent Auditors' Report

To the Members of the South Central Connecticut Regional Water Authority

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority, as of and for the years ended May 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise South Central Connecticut Regional Water Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority, as of May 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Central Connecticut Regional Water 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 2 to the financial statements, effective June 1, 2021, the South Central Connecticut Regional Water Authority adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. As a result of the implementation of this standard, a restatement was reported for the change in accounting principle. 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 South Central Connecticut Regional Water Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Central Connecticut Regional Water 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 South Central Connecticut Regional Water Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and other postemployment benefit schedules, as listed in the table of contents, 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 September 12, 2023, on our consideration of the South Central Connecticut Regional Water 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 South Central Connecticut Regional Water 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 South Central Connecticut Regional Water Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
West Hartford, Connecticut
September 12, 2023

Management's Discussion and Analysis Years Ended May 31, 2023 and 2022

Introduction

As noted in the Independent Auditors' Report from CliftonLarsonAllen LLP, Management's Discussion and Analysis (MD&A) provides supplemental information to the audit and should be read in conjunction with it. 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 South Central Connecticut Regional Water Authority's (the Authority's) 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

The Authority's audited financial statements include the following:

- **Statements of net position**

These statements provide information about the Authority's investments in resources (assets) and its obligations to creditors (liabilities), with the difference between them reported as net position.

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

These statements demonstrate changes in net position from one fiscal period to another by accounting for revenues and expenditures and measuring the financial results of operations. The information may be used to determine how the Authority has funded its costs.

- **Statements of cash flows**

These statements provide information concerning the Authority's cash receipts and payments, as well as net changes in cash resulting from operations, capital and related financing, and investing activities.

- **Statements of fiduciary net position**

These statements provide information about net position available for benefits under the Authority's employee benefit plans and changes in net position available for benefits. In accordance with governmental accounting guidelines (GASB Statements No. 68 and No. 75), the Authority's pension plans and other post-employment benefits (OPEB) are included in the financial statements.

- **Notes to financial statements**

Notes to the audited financial statements contain information essential to understanding them, such as the Authority's accounting methods and policies.

The Authority's Business

The primary purpose of the Authority, according to its enabling legislation, is to provide and assure an adequate supply of pure water at a reasonable cost to its water district and, to the degree consistent with the foregoing, to advance water conservation and the conservation and compatible recreational use of land held by the Authority.

As previously reported, during fiscal 2022, the Authority executed asset purchase agreements with two entities that, post-transaction, operate under RWA Well Services, LLC. There are two pending transactions that will operate under RWA Well Services, LLC. These transactions are part of the Authority's efforts to identify additional revenue sources to mitigate rate pressures. RWA Well Services, LLC is a wholly owned subsidiary of RWA Commercial Enterprises, LLC. RWA Commercial Enterprises, LLC is a wholly owned subsidiary of the Authority. The Authority also established RWA Environmental & Lab Services, LLC and RWA Commercial Services, LLC. However, there are no operations under these two entities. The results of RWA Well Services, LLC are consolidated entities reflected in the Authority's financial statements. The Authority's enabling legislation was modified in June 2017, allowing the Authority to conduct or invest in certain "non-core" activities (e.g., related to water, environment, agricultural, and certain renewable energy) as more specifically defined in the legislation.

During fiscal 2020, the Watershed Fund was renamed The Claire C. Bennitt Watershed Fund (the Watershed Fund) in honor of its founder and former Board Chair, Claire C. Bennitt. The Watershed Fund was established by the Authority for the purpose of protecting land on the watershed through the acquisition of open space and promotion of environmental education. The Watershed Fund is reflected as a consolidated entity within the audited financial statements.

FINANCIAL HIGHLIGHTS

Summary: Revenues, Expenses and Changes in Fund Net Position (in Thousands of Dollars)

May 31,	2023	2022	2021
Operating Revenues:			
Water Revenues	$ 131,850	$ 124,320	$ 124,885
Other	12,508	10,839	9,683
Total Operating Revenues	144,358	135,159	134,568
Operating Expenses:			
Operating and Maintenance	59,666	56,900	54,000
Expenses Associated with Water and Other Revenue	8,653	7,267	5,806
Depreciation and Amortization	24,500	23,294	24,115
Payments in Lieu of Taxes (PILOT)	8,518	8,554	8,528
Total Operating Expenses	101,337	96,015	92,449
Operating Income	43,021	39,144	42,119
Nonoperating Income and Expenses:			
Interest Income	8,115	1,711	254
Gain (Loss) on Disposal of Assets	(2,229)	(1,644)	(773)
Net Decrease in the Fair Value of Investments	(255)	(350)	(30)
Interest Expense	(22,065)	(22,033)	(22,253)
Amortization of Bond Discount, Premium, Issuance Costs, Deferred Refunding Losses, and Goodwill	2,742	2,333	2,385
Intergovernmental Revenue	490	–	845
Other Income (Expense), Net	(237)	(310)	358
Total Nonoperating Expenses	(13,439)	(20,293)	(19,214)
Income Before Contributions	29,582	18,851	22,905
Capital Contributions	1,781	1,438	2,310
Change in Net Position, as Restated	$ 31,363	$ 20,289	$ 25,215

Operating Revenues

The change in water revenues from fiscal 2022 to fiscal 2023 is primarily due to the full year impact of the January 2022 rate increase as well as the full year impact of the May of 2022 transaction on RWA Well Services, LLC operating revenues, included in other revenues. The weather in the summer of fiscal 2023 is also a factor contributing to the increase.

The change in water revenues from fiscal 2021 to fiscal 2022 is primarily due to lower earned metered water revenue, primarily in the residential class, partially offset by the January 2022 rate increase for metered water as well as for fire service. The change in other revenues is primarily due to the operating revenues from RWA Well Services, LLC.

Operating Expenses

Operating and maintenance expenses from fiscal 2022 to fiscal 2023 increased by $2.8 million. The larger increases are due to payroll expense, chemical pricing, and outside services. Outside services increased primarily due to the partial year impact of temporary resources backfilling employees dedicated to the new Customer Information System project. Pension expense under GASB 68 increased from fiscal 2022 to fiscal 2023. This increase was partially offset by a decrease in Other Post-Employment Benefit (OPEB) expense under GASB 75. There were other net changes across multiple operating expense categories.

Operating and maintenance expenses from fiscal 2021 to fiscal 2022 increased by $2.9 million. The larger increases were due to increased payroll expense, chemical price increases, and outside services primarily due to the reduced level in fiscal 2021 associated with COVID-19. Other increases include insurance due to market rates, costs associated with bill and payment processing, and technology- related expense. Pension expense under GASB 68 increased from fiscal 2021. This increase was partially offset by a smaller decrease in OPEB expense under GASB 75. A lower uncollectible expense allowance partially offset the increases and there were other net changes across multiple operating expense categories.

Depreciation and amortization expense increased from fiscal 2022 to fiscal 2023 primarily due to the increase in gross property plant and equipment, as well as an acceleration of the depreciation on certain short-lived assets. There was also a full year of depreciation on RWA Well Services, LLC assets. Depreciation includes amortization of intangible assets associated with RWA Well Services, LLC.

Depreciation and amortization expense decreased from fiscal 2021 to fiscal 2022 primarily as a result of certain short-lived technology assets being fully depreciated at the end of fiscal 2021. Fiscal 2022 depreciation includes amortization of intangible assets associated with RWA Well Services, LLC.

Payments in Lieu of Taxes (PILOT) to municipalities decreased slightly between fiscal 2022 and fiscal 2023 and increased slightly from fiscal 2021 to fiscal 2022. PILOT variances are primarily as a result of pipe additions and mill rates.

Nonoperating Income and Expenses

Interest income increased from fiscal 2022 to fiscal 2023 primarily due to charging interest throughout fiscal 2023 versus a partial year in fiscal 2022, as well as the significant increase in investment income due to the market environment.

Interest income increased from fiscal 2021 to fiscal 2022 primarily from charging for interest in arrears in the latter half of fiscal 2022 that had been suspended during fiscal 2021. Fiscal year 2022 also saw higher investment income.

Due to market conditions, the realized and unrealized investment loss between May 2022 and May 2023 was approximately $.3 million and also approximately $.3 million between May 2021 and May 2022, excluding the Watershed Fund.

Disposal of Assets

In fiscal 2023 and fiscal 2022, the Authority had a net loss on the retirement and disposition of certain assets. This net loss was due to the retirement of certain "plant" assets with a remaining book value partially offset by the proceeds associated with asset dispositions. The net loss in fiscal 2023 was higher than in 2022 due to more retirements having a remaining book value.

Amortization

The amortization of bond discount, premium, issuance costs, and deferred refunding losses were more favorable in fiscal 2023 than in fiscal 2022. This is primarily due to the higher premium amortizations and lower refunding losses due to the full year impact of the Thirty-Sixth Series. The fiscal 2023 and fiscal 2022 amortization of goodwill associated with RWA Well Services, LLC, is also impacting amortization.

The amortization of bond discount, premium, issuance costs and deferred refunding losses had a very slight variance, less than $7,000 between fiscal 2022 and fiscal 2021. However, the fiscal 2022 goodwill amortization associated with RWA Well Services, LLC is also impacting the year-over-year variance.

Intergovernmental Revenues

Intergovernmental revenues in fiscal 2023 increased due to two Drinking Water State Revolving Fund (DWSRF) grants. There were no intergovernmental revenues in fiscal 2022 resulting in a decrease between fiscal 2022 and fiscal 2021.

Summary: Net Position (in Thousands of Dollars)

May 31,	2023	2022	2021
Assets:			
Depreciable Utility Plant in Service, Net	$ 533,037	$ 536,349	$ 519,840
Land	28,038	27,994	27,994
Construction Work in Progress	36,883	16,127	24,611
Intangible Assets, Net	819	885	–
Nonutility Land	65,474	64,984	64,984
Other Assets:			
Current	73,019	69,481	75,500
Long-Term Note Receivable	500	500	500
Long-Term Lease Receivable	1,270	1,390	–
Restricted Assets	151,633	166,244	124,397
Regulatory Assets	9,346	9,647	9,877
Total Assets	900,019	893,601	847,703
Deferred Outflows of Resources:			
Deferred Charge on Refunding	14,030	15,228	17,201
Deferred Outflows – Goodwill	11,412	11,737	10,942
Deferred Outflows Related to Pensions	5,660	3,517	2,985
Deferred Outflows Related to OPEB	2,218	1,978	2,293
Total Deferred Outflows of Resources	33,320	32,460	33,421
Total Assets and Deferred Outflows of Resources	$ 933,339	$ 926,061	$ 881,124
Liabilities:			
Current Liabilities	$ 38,853	$ 37,219	$ 35,289
Payable from Restricted Assets	11,228	10,312	9,717
Other Long-Term Liabilities	–	11	45
Long-Term Debt Payable	513,411	535,947	520,946
Net Premiums and Discounts	42,294	46,991	41,092
Net Pension Liability	17,949	16,601	9,652
Net OPEB Liability	15,717	17,177	17,773
Long-Term Lease Liability	446	527	–
Total Liabilities	639,898	664,785	634,514
Deferred Inflows of Resources:			
Deferred Inflows Related to Pensions	344	–	6,462
Deferred Inflows Related to OPEB	4,642	4,089	4,764
Deferred Inflows Related to Leases	1,420	1,514	–
Total Deferred Inflows of Resources	6,406	5,603	11,226
Net Position, as Restated:			
Net Investment in Capital Assets	95,202	84,090	69,169
Restricted	145,335	130,067	118,869
Unrestricted	46,498	41,516	47,346
Total Net Position	287,035	255,673	235,384
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 933,339	$ 926,061	$ 881,124

Capital Assets

The increase in capital assets from fiscal 2022 to fiscal 2023 is primarily due to the increase in Construction Work in Progress. The increase from fiscal 2021 to fiscal 2022 is primarily due to additions such as pumping structures and equipment, improvements to existing water treatment plants, upgrades to the distribution and transmission system, including new pipe and general plant, and information technology related capital investment.

Current Assets

The following itemizes the change in current assets between May 31, 2022 and 2023, and between May 31, 2021 and 2022, respectively:

May 31,	2023	2022
Increase (Decrease) in Cash and Cash Equivalents	$ 4,088,541	$ 1,257,798
Increase (Decrease) in Accounts Receivable, Net	(2,142,435)	(889,095)
Increase (Decrease) in Lease Receivable	(4,566)	94,356
Increase (Decrease) in Accrued Water Revenue	647,470	(6,299,400)
Increase (Decrease) in Interest Receivable	207,519	43,209
Increase (Decrease) in Materials and Supplies	645,040	355,301
Increase (Decrease) in Watershed Fund Investments	40,372	(340,729)
Increase (Decrease) in Prepayments and Other Current Assets	56,164	(240,495)
Net Increase (Decrease) in Current Assets	$ 3,538,105	$ (6,019,055)

Increase in current net position from May 31, 2022 to May 31, 2023

The increase in cash and cash equivalents between fiscal 2023 and fiscal 2022 is due to the increase in the Growth Fund and the General Fund. Through the year-end disposition, the Authority replenished expenditures and increased the Growth Fund balance by approximately $4 million and also increased the General Fund by $1 million. Also, through the year-end disposition, over $20 million was transferred into the Construction Fund, reflected under Restricted Assets.

The increase in cash and cash equivalents in fiscal 2022 from fiscal 2021 is primarily associated with the fiscal 2022 increase in operating accounts within the Revenue Fund and cash balances related to RWA Well Services, LLC. Through the year-end disposition, the Authority's replenished the Growth Fund for expenditures made during fiscal 2022 as well as increased the Growth Fund by approximately $1.2 million over the prior year's balance, while still increasing the amount transferred into the Construction Fund, reflected under Restricted Assets.

The decrease in accounts receivable in both fiscal 2023 and fiscal 2022 primarily relates to an improvement in customer accounts receivable from each of the prior year's balances from the elevated level due to impacts from COVID-19. This is partially offset by the impact on customer accounts receivable associated with the January 2022 rate increase. At the end of fiscal 2023, while accounts receivables have decreased, receivables are still elevated over pre-pandemic levels.

The decrease in accrued water revenue between fiscal 2022 and fiscal 2021 is primarily due to the transition to monthly billing in January 2022.

The increase in interest receivables in both fiscal 2023 and in fiscal 2022 is primarily due to the higher accrued investment earnings as a result of the higher interest rate environment impacting earnings.

The increase in materials and supplies in both fiscal 2023 and in fiscal 2022 is primarily related to an increase in general stores mostly due to increasing the stock of certain parts and adding new components to stock to help ensure availability for operations, as well as higher prices on components. The increase in materials and supplies is also due to the increase in the chemical inventory balance, primarily due to the increased price of chemicals.

The small increase in prepayments and other current assets from fiscal 2022 to fiscal 2023 is primarily due to the increase in jobbing receivables largely offset by lower prepaid and deferred land expenses.

The decrease in prepayments and other current assets from fiscal 2021 to fiscal 2022 is primarily due to a decrease in the miscellaneous accounts receivable associated with the cash receipt in fiscal 2022 that was reflected in accounts receivable in fiscal 2021 and a lower OPEB receivable. This was partially offset by a higher jobbing receivable.

Watershed Fund Investments

Between May 31, 2022, and May 31, 2023, the Watershed Fund investments reflect a small net increase in market value of approximately $40,000.

Between May 31, 2021, and May 31, 2022, Watershed Fund investments decreased by approximately $.3 million, primarily due to market values.

Restricted Assets (Investments)

The term "restricted assets" refers primarily to certain funds established under the Authority's *General Bond Resolution* whose use is restricted as required by that document, e.g.:

- Construction Fund;
- Rate Stabilization Fund;
- Debt Reserve Fund;
- Operating Reserve Fund;
- Debt Service Funds;
- Capital Contingency;
- Payment in Lieu of Taxes (PILOT) Fund

The Authority invests these restricted assets in securities as allowed by the *General Bond Resolution*, e.g., in direct obligations of the federal or state governments (or agencies) or in obligations guaranteed by the federal government.

Restricted assets decreased by approximately by $14.6 million between May 31, 2023, and May 31, 2022. This decrease is primarily due to the $17.4 million decrease in the Construction Fund associated with the depletion of the project related proceeds of the Thirty-sixth Series bond issuance, capital expenditures funded through internally generated funds, partially offset by the year-end transfer of internally generated funds into the Construction Fund. The decrease in the Construction Fund is partially offset by the increase in the Operating Reserve due to the year-end transfer into the Operating Reserve, as required under the *General Bond Resolution*, an increase in the Debt Service Fund and other net changes.

Restricted assets increased by approximately by $41.8 million between May 31, 2022, and May 31, 2021. This increase is primarily due to the $41.5 million increase in the Construction Fund associated with the remaining project-related proceeds of the Thirty-sixth Series bond issuance and the year-end transfer of internally generated funds into the Construction Fund, partially offset by capital expenditures from internally generated funds during fiscal 2022. Also, contributing to the increase in Restricted Assets is the year-end transfer into the Operating Reserve, as required under the *General Bond Resolution.* There was also an increase of approximately $1.2 million in the Debt Service Funds. However, this was largely offset by a reduction in our Department of Transportation related restricted receivables, a reduction in our receivable associated with the land sale due to an early payoff and the mark-to-market reduction for certain securities within Restricted Assets.

Other Long-Term Assets

As of May 31, 2023, regulatory assets totaled $9.3 million, net of amortizations, representing a decrease of approximately $.3 million over May 31, 2022. Regulatory assets include $4.5 million of bond issuance costs, $3.9 million deferred charges of estimated environmental remediation costs of a site on Newhall Street in Hamden, Connecticut (See Note 10, Pollution Remediation Obligation), and $.4 million associated with an interconnection, and $.5 million in other remediation costs.

As of May 31, 2022, regulatory assets totaled $9.6 million, net of amortizations, representing a decrease of approximately $.2 million over May 31, 2021. Regulatory assets include $4.5 million of bond issuance costs, $4.2 million deferred charges of estimated environmental remediation costs of a site on Newhall Street in Hamden, Connecticut (See Note 10, Pollution Remediation Obligation), and $.4 million associated with an interconnection, and $.5 million in other remediation costs.

Deferred Outflows

Goodwill results primarily from the Authority's acquisition of Birmingham Utilities on January 16, 2008. In fiscal 2022, goodwill was recorded associated with two RWA Well Services, LLC transactions and is being amortized. Goodwill is being amortized over the remaining life of assets acquired. Goodwill is assessed at least annually for impairment by applying a fair value-based test. The Authority determined that for the years ended May 31, 2023 and 2022, no impairment of goodwill has occurred.

Between May 31, 2023, and May 31, 2022, deferred outflows increased by approximately $.9 million; this is primarily due to the increase in pension-related outflows, and to a lesser degree, OPEB related outflows. These increases were partially offset by a reduction in deferred outflows associated with refunding and a reduction in goodwill due to amortizations.

Between May 31, 2022, and May 31, 2021, deferred outflows decreased by approximately $1.0 million; this is primarily due to a decrease in deferred outflows related to refunding, and to a less degree, outflows related to OPEB. These decreases were partially offset by increases in goodwill associated with RWA Well Services, LLC and an increase in pension related outflows.

Current Liabilities

The authority's current liabilities increased by approximately $1.6 million between May 31, 2022, and May 31, 2023. The increase is primarily due to the increase in the current portion of bonds payable. Also contributing to the increase is accounts payable and customer advances.

The authority's current liabilities increased by approximately $1.9 million between May 31, 2021, and May 31, 2022. The increase is primarily due to the increase in the current portion of bonds payable. Other net changes also contributed to the increase.

Payables from Restricted Assets

Between May 31, 2022, and May 31, 2023, payables from restricted assets increased by approximately $.9 million. This increase is primarily due to an increase in accounts payable for construction, inclusive of retainage, as well as an increase in customer advances. These increases were partially offset by a reduction in accrued interest payable.

Between May 31, 2021, and May 31, 2022, payables from restricted assets increased $.6 million. This increase is due to an increase of $.2 million in accounts payable for construction, an increase of $.2 million in accrued interest expense, and an increase of $.2 million in customer deposits and advances for construction.

Other Long-Term Liabilities

Between May 31, 2023, and May 31, 2022, other long-term liabilities decreased by $11,000 bringing the balance to zero due to the completion of the remediation associated with the Newhall Street site in Hamden. (See Note 10 for additional information.)

Between May 31, 2022, and May 31, 2021, other long-term liabilities decreased by approximately $34,000 due to the total cost of remediation associated with the Newhall Street site in Hamden.

Long-Term Debt

Between May 31, 2023, and May 31, 2022, long-term Water Revenue Bonds payable, at par, decreased by approximately $22.6 million, excluding the current portion. Net premiums and discounts from revenue bonds payable decreased by approximately $4.7 million due to amortizations. There was a small increase of approximately $28,000 in DWSRF loans payable, less the current portion. This is due to two additional DWSRF loans executed in fiscal 2023 largely offset by principal payments on outstanding DWSRF debt.

Between May 31, 2022, and May 31, 2021, long-term Water Revenue Bonds payable, at par, increased by $16.3 million, excluding the current portion. Net premiums and discounts from revenue bonds payable increased $5.9 million as a result of the Thirty-Sixth Series partially offset by amortizations. There was a decrease of $1.3 million for DWSRF loans payable, less the current portion.

Net Pension Liability

Between May 31, 2022, and May 31, 2023, the net pension liability increased by approximately $1.3 million. This increase is primarily due to the anticipated investment earnings versus the actual returns that were slightly negative year-over-year. Actual versus expected experience was also higher for the bargaining unit pension plan contributing to the increase in the liability, largely offset by lower actual versus expected experience for the salaried plan. The factors resulting in an increase to the liability were partially offset by the approximately $2.3 million contribution in excess of the actuarial required contribution.

Between May 31, 2021, and May 31, 2022, the net pension liability increased by approximately $6.9 million. This increase is primarily due to the anticipated investment earnings versus the actual returns that were negative year-over-year. Also contributing to this increase was the higher than anticipated retirements, and other factors. The factors resulting in an increase to the liability were partially offset by the approximately $1.1 million contribution in excess of the actuarial required contribution.

Net Other Post-Employment Benefit Liability

Between May 31, 2022, and May 31, 2023, the net other post-employment benefit liability decreased by approximately $1.5 million, primarily due to the lower actual versus expected experience. This was partially offset by the projected healthcare cost trends and negative year-over-year investment returns.

Between May 31, 2021, and May 31, 2022, the net other post-employment benefit liability decreased by approximately $.6 million, primarily due to the lower than anticipated healthcare costs and the projected health cost trend rates. These factors were partially offset by the negative year-over-year investment returns and the change in the mortality projections.

Deferred Inflows

Between May 31, 2022, and May 31, 2023, deferred inflows increased by approximately $.8 million. This was primarily due to the increase in deferred inflows associated with other post-employment benefits stemming from actual versus expected experience and the increase associated with the pension plan stemming from salaried plan actual versus expected experience. These increases were partially offset by a decrease in the inflows related to leases.

Between May 31, 2021, and May 31, 2022, deferred inflows decreased by approximately $5.6 million. Approximately $6.5 million of the decrease was associated with the pension plans, primarily related to investment earnings. There was also a decrease in deferred inflows related to post-employment benefits. This was offset by the addition of the deferred inflow related to leases.

Net Investment in Capital Assets

Between May 31, 2023, and May 31, 2022, the increase in capital net of related debt is primarily due to the increase in net plant and the decrease in capital-related debt, including premiums. This is slightly offset by an increase in accounts payable for construction. The year-over-year increase is approximately $11.1 million.

Between May 31, 2022, and May 31, 2021, the increase in capital net of related debt is primarily due to the remaining balance of bond proceeds for capital projects and a small increase in net utility plant. This is partially offset by the increase in capital-related debt. The year-over-year increase is approximately $14.9 million.

Net Position, Restricted

Restricted net position increased approximately $15.3 million from May 31, 2022, to May 31, 2023, primarily due to the year-over-year increase in restricted assets, net of remaining bond proceeds. By the end of fiscal 2023, bond proceeds from the Thirty-Sixth Series were fully expended on capital assets.

Restricted net position increased approximately $11.2 million from May 31, 2021, to May 31, 2022, primarily due to the increase in restricted assets net of the remaining bond proceeds being more than the increase in liabilities payable from restricted assets.

Unrestricted Net Position

Unrestricted net position increased by approximately $5.0 million from May 31, 2022, to May 31, 2023 due to the increase in current assets and unrestricted deferred outflows being higher than the increase in current liabilities and deferred inflows.

Unrestricted net position decreased by approximately $5.8 million from May 31, 2021, to May 31, 2022 primarily due to the decrease in current assets and other net changes. The decrease in current assets was mostly due to a lower accrued water receivable associated with the conversion to monthly billing. This decrease was partially offset by the unrestricted net position associated with RWA Well Services, LLC.

The Authority's Customer Base

The Authority's customer base is primarily residential and commercial. Of the Authority's approximately 120,300 customers, 116,300 are residential and commercial water customers. The customer base also includes industrial, public authority, wholesale, and fire service. Between May 31, 2022, and May 31, 2023, there has been minimal growth in the Authority's customer base.

Liquidity and Capital Resources

Utilizing the Maintenance Test calculations as prescribed in the *General Bond Resolution*, in fiscal 2023 the Authority received approximately $136.1 million in cash from operations and a combined $4.1 million from earnings on investments and a Build America Bond subsidy, these amounts being more than sufficient to pay for operations and maintenance, PILOT, and to fund transfers associated with debt service. As part of the fiscal 2023 year-end disposition of the Revenue Fund, the Authority had approximately $25.4 million available after funding required reserves. The Authority transferred $1.0 million into the General Fund, $4.0 million into the Growth Fund, and transferred approximately $20.4 million to the Construction Fund, including the funding of depreciation. In addition, in fiscal 2023, the Authority contributed to the pension plans approximately $2.3 million in excess of the actuarial requirement. Internally generated funds were also used to fund a portion of the capital improvement program. A transfer was also made from RWA Well Services, LLC into the Construction Fund.

Credit Rating

In May 2023, Moody's Investor Services affirmed the Aa3 rating on outstanding debt, and Standard & Poor's Rating Services also affirmed the Authority's credit rating of AA-.

Financial Statement Presentation

The Authority prepares its financial statements on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Request for Information

Please note that the Authority's audited financial statements include data from its fiscal years ended May 31, 2023 and 2022. Comparable information for earlier years is available, as noted below.

This report is designed to provide a financial overview of the Authority. Questions concerning the information in this report or requests for additional information should be addressed in writing to the Vice President & Chief Financial Officer, South Central Connecticut Regional Water Authority, 90 Sargent Drive, New Haven, Connecticut 06511.

STATEMENTS OF NET POSITION

For the Years Ended May 31,	2023	2022
Assets:		
Utility Plant		
Depreciable Property, Plant and Equipment in Service	$ 958,913,515	$ 940,266,109
Accumulated Depreciation and Amortization	(425,876,522)	(403,917,364)
Depreciable Utility Plant in Service	533,036,993	536,348,745
Land	28,038,091	27,993,743
Construction Work in Progress	36,883,362	16,127,142
Intangible Assets, Net	818,669	884,618
Total Utility Plant, Net	598,777,115	581,354,248
Nonutility Land	65,474,266	64,983,525
Current Assets:		
Cash and Cash Equivalents	39,468,630	35,380,089
Accounts Receivable, Less Allowance for Doubtful Accounts of $4,372,036 in 2023 and $4,272,067 in 2022	11,755,954	13,898,389
Lease Receivable	89,790	94,356
Accrued Water Revenue	12,938,887	12,291,417
Accrued Interest Receivable	257,101	49,582
Materials and Supplies	2,898,561	2,253,521
Watershed Fund– Investment in Community Foundation Portfolio	1,783,559	1,743,187
Prepaid Expenses and Other Assets	3,826,878	3,770,714
Total Current Assets	73,019,360	69,481,255
Note Receivable	500,000	500,000
Lease Receivable	1,269,872	1,390,417
Restricted Assets	151,632,814	166,243,979
Regulatory Assets	9,345,702	9,647,482
Total Assets	900,019,129	893,600,906
Deferred Outflows of Resources:		
Deferred Charge on Refunding	14,029,682	15,228,033
Deferred Outflows – Goodwill	11,412,319	11,737,212
Deferred Outflows Related to Pensions	5,660,132	3,516,692
Deferred Outflows Related to OPEB	2,217,948	1,977,949
Total Deferred Outflows of Resources	$ 33,320,081	32,459,886

See accompanying Notes to Financial Statements.

STATEMENTS OF NET POSITION (continued)

For the Years Ended May 31,	2023	2022
Liabilities:		
Noncurrent Liabilities:		
Revenue Bonds Payable, Less Current Portion	$ 489,365,000	$ 511,930,000
Drinking Water Loans Payable	24,045,748	24,017,807
Net Premiums and Discounts from Revenue Bonds Payable	42,294,283	46,990,572
Net Pension Liability	17,949,051	16,601,369
Net OPEB Liability	15,716,868	17,176,905
Lease Liability	445,623	526,922
Total Noncurrent Liabilities	589,816,573	617,243,575
Current Liabilities:		
Current Maturities of Bonds Payable	22,565,000	21,475,000
Current Maturities of Drinking Water Loans Payable	1,402,405	1,313,057
Accounts Payable	4,696,709	4,408,576
Bond Anticipation Notes Payable	50,500	50,500
Customer Deposits and Advances	1,492,161	1,344,037
Other Accrued Liabilities	8,562,167	8,542,721
Current Maturities of Lease Liability	84,123	85,097
Total Current Liabilities	38,853,065	37,218,988
Payable from Restricted Assets:		
Accounts Payable for Construction	2,826,810	1,747,098
Accrued Interest Payable	7,157,808	7,410,700
Customer Deposits and Advances	1,243,842	1,153,886
Total Liabilities Payable from Restricted Assets	11,228,460	10,311,684
Pollution Remediation Obligation	–	11,000
Total Liabilities	639,898,098	664,785,247
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	343,905	–
Deferred Inflows Related to OPEB	4,642,329	4,089,058
Deferred Inflows Related to Leases	1,419,574	1,513,930
Total Deferred Inflows of Resources	6,405,808	5,602,988
Net Position, as Restated:		
Net Investment in Capital Assets	95,201,571	84,089,939
Restricted		
Construction	67,108,074	53,645,731
Debt	44,607,800	43,709,032
Payments in Lieu of Taxes (PILOT)	3,872,866	3,726,553
Operating Reserve	11,553,002	10,581,948
Capital Contingency	6,054,139	6,043,645
Rate Stabilization	10,000,000	10,000,000
Other Purposes	535,283	500,000
Watershed Fund	1,603,467	1,860,017
Unrestricted	46,499,102	41,515,692
Total Net Position, as Restated	$ 287,035,304	$ 255,672,557

See accompanying Notes to Financial Statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended May 31,	2023	2022
Operating Revenues:		
Water Revenues:		
Residential and Commercial	$ 107,775,568	$ 102,073,907
Industrial	2,430,726	1,820,356
Fire Protection	13,017,484	12,601,488
Public Authority	3,400,775	3,069,634
Wholesale	1,121,050	871,762
Other Water Revenues	4,104,811	3,882,591
Other Revenue	12,508,153	10,839,004
Total Operating Revenues	144,358,567	135,158,742
Operating Expenses:		
Operating and Maintenance Expense	59,666,405	56,899,814
Depreciation and Amortization	24,500,127	23,293,601
Payments in Lieu of Taxes	8,518,415	8,553,885
Other Water Expenses	1,981,036	1,948,409
Cost of Other Revenue	6,671,622	5,319,657
Total Operating Expense	101,337,605	96,015,366
Operating Income	43,020,962	39,143,376
Nonoperating Income (Expense):		
Interest Income	8,114,850	1,711,520
Gain (Loss) on Disposal of Assets	(2,228,935)	(1,644,134)
Net Decrease in the Fair Value of Investments	(254,580)	(349,686)
Interest Expense	(22,065,278)	(22,033,695)
Amortization of Bond Discount, Premium, Issuance Cost, Deferred Losses, and Goodwill	2,741,665	2,333,433
Intergovernmental Revenue	489,584	–
Other Income (Expense), Net	(236,550)	(309,643)
Total Nonoperating Expense	(13,439,244)	(20,292,205)
Change in Net Position Before Capital Contributions	29,581,718	18,851,171
Capital Contributions	1,781,029	1,437,717
Change in Net Position	31,362,747	20,288,888
Net Position – Beginning of Year	255,672,557	235,383,669
Net Position — End of Year, as Restated	$ 287,035,304	$ 255,672,557

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

For the Years Ended May 31,	2023	2022
Cash Flows from Operating Activities:		
Cash Received from Water Sales	$ 129,266,226	$ 126,761,391
Cash Received from Other Services	16,530,737	14,902,363
Cash Paid to Employees	(23,558,151)	(22,336,873)
Cash Paid to Suppliers for Operations	(40,262,867)	(36,441,336)
Cash Paid to Suppliers for Other Services	(6,689,439)	(5,343,253)
Cash Paid for Payments in Lieu of Taxes	(8,520,484)	(8,553,885)
Net Cash Provided by Operating Activities	66,766,022	68,988,407
Cash Flows from Investing Activities:		
Interest Received	7,907,314	1,634,995
Sale of Restricted Investments – Watershed Fund	19,163	137,730
Purchase of Restricted Investments	(174,489,340)	(230,545,208)
Sale of Restricted Investments	189,658,851	187,202,983
Other Investing Activities	–	(1,635,494)
Contributions to/from, Net	–	(100,000)
Net Cash Provided (Used) by Investment Activities	23,095,988	(43,304,994)
Cash Flows from Capital and Related Financing Activities:		
Payments for Utility Plant	(43,637,476)	(31,834,531)
Proceeds from Disposition of Assets	69,166	102,189
Proceeds from Issuance of Bond Anticipation Notes	50,500	101,000
Proceeds from Issuance of Drinking Water Loans	1,476,668	–
Proceeds from Issuance of Revenue Bonds	–	40,355,000
Proceeds from Issuance of Refunding Bonds	–	21,135,000
Premium on Bond Issuance	–	11,270,108
Principal Payments on Revenue Bonds	(21,475,000)	(20,565,000)
Payments on Drinking Water Loans	(1,359,379)	(1,287,088)
Payments on Bond Anticipation Notes	(50,500)	(101,000)
Payments for Retirement of Revenue Bonds	–	(23,964,365)
Interest Paid	(22,422,327)	(21,824,517)
Grant Proceeds	489,584	–
Capital Contributions, Net of Restricted Deposit	1,058,058	2,119,399
Lease Payments Received	125,329	124,371
Payments on Leases	(98,092)	(56,181)
Net Cash Used by Capital and Related Financing Activities	(85,773,469)	(24,425,615)
Net Increase in Cash and Cash Equivalents	4,088,541	1,257,798
Cash and Cash Equivalents – Beginning of Year	35,380,089	34,122,291
Cash and Cash Equivalents – End of Year	$ 39,468,630	$ 35,380,089

See accompanying Notes to Financial Statements.

Continued on next page

STATEMENTS OF CASH FLOWS (continued)

For the Years Ended May 31,	2023	2022
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 43,020,962	$ 39,143,376
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	24,500,127	23,293,601
Bad Debt Expense	235,446	304,733
Other	97,910	582,449
Change in:		
Accounts Receivable and Accrued Water Revenue	1,259,519	6,883,762
Materials and Supplies	(645,040)	(355,301)
Prepaid Expenses and Other Assets	(56,164)	182,751
Regulatory Assets	(409,467)	(490,106)
Deferred Outflows of Resources – Pension	(2,143,440)	(531,365)
Deferred Outflows of Resources – OPEB	(239,999)	315,091
Accounts Payable	288,133	446,506
Net Pension Liability	1,347,682	6,949,630
Net OPEB Liability	(1,460,037)	(595,684)
Deferred Inflows of Resources – Pension	343,905	(6,462,027)
Deferred Inflows of Resources – OPEB	553,271	(675,241)
Deferred Inflows of Resources – Leases	(94,356)	(91,054)
Customer Deposits and Advances	148,124	(226,505)
Other Accrued Liabilities	19,446	313,791
Total Adjustments	23,745,060	29,845,031
Net Cash Provided by Operating Activities	$ 66,766,022	$ 68,988,407

See accompanying Notes to Financial Statements.

STATEMENTS OF FIDUCIARY NET POSITION – PENSION TRUST FUND

For the Years Ended May 31,	2023	2022
Assets:		
Cash and Cash Equivalents	$ 2,260,839	$ 2,153,362
Investments:		
U.S. Government Securities	921,715	334,605
U.S. Government Agencies	2,484,865	2,405,091
Corporate Bonds	7,857,351	7,670,867
Mutual Funds	53,465,138	54,747,908
Total Assets	66,989,908	67,311,833
Net Position:		
Restricted for Pension Benefits	$ 66,989,908	$ 67,311,833

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND

For the Years Ended May 31,	2023	2022
Additions:		
Contributions:		
Employer	$ 5,176,939	$ 4,354,342
Employees	966	5,721
Total Contributions	5,177,705	4,360,063
Investment Earnings (Loss):		
Net Decrease in Fair Value of Investments	(2,265,882)	(6,008,225)
Investment Earnings	2,164,565	2,512,508
Net Investment Earnings (Loss)	(101,317)	(3,495,717)
Total Additions	5,076,588	864,346
Deductions:		
Benefits	5,051,237	5,086,965
Expenses	324,050	339,285
Other	23,226	(44,261)
Total Deductions	5,398,513	5,381,989
Change in Net Position	(321,925)	(4,517,643)
Net Position – Beginning of Year	67,311,833	71,829,476
Net Position – End of Year	$ 66,989,908	$ 67,311,833

See accompanying Notes to Financial Statements.

STATEMENTS OF FIDUCIARY NET POSITION — RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND

For the Years Ended May 31,	2023	2022
Assets:		
Cash and Cash Equivalents	$ 546,804	$ 411,798
Investments:		
U.S. Government Securities	49,912	–
Mutual Funds	8,661,605	8,680,057
Total Assets	9,258,321	9,091,855
Net Position:		
Restricted for Retiree Benefits	$ 9,258,321	$ 9,091,855

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION — RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND

For the Years Ended May 31,	2023	2022
Additions:		
Contributions:		
Employer	$ 1,737,894	$ 1,734,198
Retirees	220,215	207,483
Total Contributions	1,958,109	1,941,681
Investment Earnings (Loss):		
Net Decrease in Fair Value of Investments	(320,184)	(837,062)
Investment Earnings	284,469	336,422
Net Investment Earnings (Loss)	(35,715)	(500,640)
Total Additions	1,922,394	1,441,041
Deductions:		
Benefits	1,711,375	1,815,778
Expenses	44,553	46,975
Total Deductions	1,755,928	1,862,753
Change in Net Position	166,466	(421,712)
Net Position – Beginning of Year	9,091,855	9,513,567
Net Position – End of Year	$ 9,258,321	$ 9,091,855

See accompanying Notes to Financial Statements.

Notes to Financial Statements

May 31, 2023 and 2022

Note 1. Organization

The South Central Connecticut Regional Water Authority (the Authority) was created, effective July 25, 1977, pursuant to Special Act No. 77-98 (the Act), as amended. Per this enabling legislation, the primary purpose of the Authority is to provide and assure an adequate supply of pure water at a reasonable cost to the South Central Connecticut Regional Water District (the District) and, to the degree consistent with the foregoing, to advance water conservation and the conservation and compatible recreational use of land held by the Authority. The Five-Member Authority is elected by the 21-member Representative Policy Board (RPB), which consists of a member from each of the 20 municipalities within the District and one member appointed by the Governor of the State of Connecticut.

In 1999, the Authority established the Watershed Fund, a separate legal entity organized for the purpose of protecting watershed land that has a distinctive ecological significance through open space acquisition and environmental education. In November 2019 (fiscal 2020), the Authority approved a name change of the Watershed Fund to The Claire C. Bennitt Watershed Fund, Inc. (the Watershed Fund). The Watershed Fund is included in the Authority's financial statements as a blended component unit as the Five-Member Authority votes on the Watershed Fund's governing body. Information regarding the Watershed Fund can also be found in Note 7, The Claire C. Bennitt Watershed Fund. Requests for stand-alone financial statements for the Watershed Fund should be addressed in writing to President, The Claire C. Bennitt Watershed Fund, Inc., 90 Sargent Drive, New Haven, CT 06511.

The Authority's enabling legislation was modified in June 2017, allowing the Authority to conduct and invest in certain "non-core" business activities as specifically defined. In 2021, the Authority established RWA Commercial Enterprises, LLC, a wholly owned subsidiary of the Authority and RWA Well Services, LLC, a wholly owned subsidiary of RWA Commercial Enterprises, LLC. Two asset purchase transactions were completed in fiscal 2022, and post-transaction, operate under RWA Well Services, LLC. RWA Commercial Enterprises, LLC and RWA Well Services, LLC are considered to be a part of the Authority, and as such are included within the Authority's financial statements. These transactions are part of the Authority's efforts to identify additional revenue sources to mitigate rate pressures. The Authority has also established RWA Environmental & Lab Services, LLC and RWA Commercial Services, LLC. There are no operations under these two entities.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. In addition to the entities noted above, this criteria has been considered and has resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Authority has established two single-employer Public Retirement Systems (PERS) and one postretirement healthcare benefits (OPEB) plan to provide retirement benefits and postretirement healthcare benefits primarily to employees and their beneficiaries. The Authority appoints the members of the Pension and Benefit Committee who govern the Pension and OPEB plans. The Authority contributes, at a minimum, the actuarial determined contribution.

Note 2. Summary of Significant Accounting Policies

The accounting records of the Authority are maintained in accordance with accounting principles generally accepted in the United States of America. All assets, liabilities, net position, revenues, and expenses are accounted for in a proprietary fund except for employee benefit trusts, which are reported as fiduciary funds. For both proprietary and fiduciary funds, revenues are recognized when earned and expenses are recognized when incurred. The more significant accounting policies are summarized below.

Basis of Accounting

The Authority utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

Regulatory Accounting Policies

The Authority follows accounting principles generally accepted in the United States of America for regulated public utilities. Under these principles, regulated companies defer certain costs and credits on the statement of net position as regulatory assets and liabilities when it is probable that those costs and credits will be recoverable through the rate-making process in a period different from when they otherwise would have been reflected in income. These deferred regulatory assets and liabilities are then reflected in revenues or expenses in the period in which the same amounts are reflected in rates.

As of May 31, 2023, regulatory assets include approximately $4.5 million of bond issuance costs and $4.8 million of deferred charges, net of amortization. Included in the approximately $4.8 million is approximately $3.9 million associated with estimated environmental remediation costs in the town of Hamden, $.5 million associated with a deferred repair and remediation costs, and $.4 million of incurred costs associated with an interconnection.

As of May 31, 2022, regulatory assets include approximately $4.5 million of bond issuance costs and $5.1 million of deferred charges, net of amortization. Included in the approximately

$5.1 million is approximately $4.1 million associated with estimated environmental remediation costs in the town of Hamden, $.6 million associated with a required system-wide leak study, deferred repair and remediation costs, and $.4 million of incurred costs associated with an interconnection.

Utility Plant

Capital assets in utility plant are defined by the Authority as assets with an initial cost of more than $2,000 and an estimated life of more than one year. Such assets are recorded at cost if purchased or constructed, which includes material and direct labor, as well as indirect items, e.g., engineering, payroll taxes, employee benefits, and transportation. The costs of maintenance and repairs are charged to the appropriate operations and maintenance expense accounts as incurred, while the costs of renewal and betterments are capitalized. The book value of depreciable utility plant retired in the ordinary course of business is removed from the asset and accumulated depreciation accounts. Gain or loss realized upon disposal is credited or charged to income.

Donated capital assets are recognized at estimated acquisition value at date of donation. The cost of normal maintenance and repairs that do not add to the value of the related assets or materially extend their lives is charged to operations. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation expense is computed using the straight-line method based on estimated service lives. Half of a year's depreciation is provided for capital assets in the year they are placed in or removed from service.

The estimated service lives of capital assets are as follows:

Asset Description	Useful Life (Years)
Source of Supply and Supply Mains	100
Wells and Springs	30
Other Water Source Structures	10
Power and Pumping Structures	30
Pumping Equipment	20
Water Treatment Plant Structure	43
Water Treatment Equipment	23
Distribution Tanks	50
Distribution Mains	85
Services	50
Meters	15
Hydrants	60
Hydraulic Shovel and Front Loader	8
Hydraulic Backhoe	6
Compressors	10
Computer Equipment	5
Computer Software	5 to 15
General Structures	10 to 32
Furniture and Fixtures	12
Autos and Trucks	5
Other	3 to 10

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks and repurchase agreements that are collateralized by U.S. government securities. The Authority considers all unrestricted investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value.

Watershed Fund — Investment in Community Foundation Portfolio

The Authority, through the Watershed Fund, maintains a fund held by the Community Foundation for Greater New Haven (the Fund) that was established with Watershed Fund funds. The Fund agreement provides that the Watershed Fund receive investment income from the Fund, to be determined by the Community Foundation in its sole discretion in accordance with its spending policy. The Watershed Fund has the ability to access the principal, subject to a 60-day notice period. The Fund is carried at fair value as discussed in Note 3.

Materials and Supplies

Materials and supplies inventories are presented at the lower of cost or market.

Lease Receivables

The Authority determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position.

Lease receivables represent the Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Authority recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Authority has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Authority accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Authority treats the components as a single lease unit.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The Authority reports a deferred charge on refunding, goodwill, and deferred outflows related to pension and other postemployment benefits (OPEB) in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Goodwill is amortized and is reviewed for impairment at least annually by applying a fair value-based test. The Authority determined that for the years ended May 31, 2023 and 2022, no impairment of goodwill has occurred. A deferred outflow of resources related to pension and OPEB can result from differences between expected and actual experience, changes in assumptions, projected versus actual investment earnings or other inputs. With the exception of differences between projected and actual earnings, which are required to be recognized over a five-year period, these amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (participating active employees and vested former employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 and OPEB. A deferred inflow of resources related to pension and OPEB can result from differences between expected and actual experience, changes in assumptions, projected versus actual investment earnings, or other inputs. With the exception of differences between projected and actual earnings, which are required to be recognized over a five-year period, these amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (participating active employees and vested former employees). The statement of net position also reports a deferred inflow of resources related to leases.

Restricted Assets

Pursuant to the Water System Revenue Bond Resolution, *General Bond Resolution* (the *General Bond Resolution*), the Authority maintains certain restricted assets, consisting principally of investments in U.S. Government and State of Connecticut obligations, which are carried at fair value. See Note 6, Restricted Assets.

Lease Payables

The Authority determines if an arrangement is a lease at inception. Leases are included in right-to-use lease assets ("lease assets") and lease liabilities in the statements of net position.

Lease assets represent the Authority's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Authority will exercise that option.

The Authority recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Authority has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Authority accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Authority treats the components as a single lease unit.

Bond Premiums and Discounts

The net balances for bond premiums and discounts are reported separately from revenue bonds payable. These balances are amortized using the interest method, meaning amortization is based on interest payments over the terms of the series.

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 plans' fiduciary net position. The pension plans' 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.

Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current participating active employees and vested former employees that is attributed to past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

Customer Deposits and Advances

Cash advances to reimburse the Authority for costs to construct supply mains are contributed to the Authority by customers, real estate developers and builders in order to extend water service to their properties. The Authority makes refunds on these deposits and advances in accordance with the deposit and advance agreements. After making refunds, the Authority records the remaining balance in the customer advance account for which work has been completed as a capital contribution.

Operating Items

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for delivery of goods and/or services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, payment in lieu of taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Accrued Water Revenue

The Authority accrues revenue based on an estimate of water service provided to each customer, net of allowance for uncollectible accounts, from the last meter reading date to the statement of net position date. Interest is accrued on unpaid customer accounts after 30 days from the billing date. However, interest charges were suspended in March 2020 due to COVID-19 and remained suspended throughout fiscal 2021 through October of fiscal 2022.

Other Revenue

Other revenue includes revenue from the PipeSafe suite of offerings, including water, sewer and septic protection plans, as well as protection plans with home plumbing, laboratory testing services, fleet repairs, rental income, and miscellaneous charges. Fiscal 2023 and fiscal 2022 other revenue also includes the operating revenue of RWA Well Services, LLC.

Capital Contributions

Capital contributions include contributions-in-aid-of-construction resulting from direct nonrefundable contributions and the portion of customers' advances for construction that become nonrefundable. Also included are amounts representing nonrefundable contributions for construction purposes from governmental agencies. Grants from governmental agencies are included in intergovernmental revenues.

Net Position Flow Assumption

The Authority's *General Bond Resolution* prescribes the flow of funds and the manner at which they are expended. The Authority's net position is recorded in accordance with the *General Bond Resolution*.

Use of Estimates

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 certain reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Authority adopted the requirements of the guidance effective June 1, 2021. See Note 18 for the restatement as a result of this implementation.

Note 3. Deposits and Investments

The Authority's *General Bond Resolution* Section 404A requires Authority revenue to be deposited promptly.

Section 411A of the Authority's *General Bond Resolution* requires that money held in its various funds by the Authority or its trustee be invested in investment securities, which are defined as follows:

- Direct obligations of the United States of America;
- Obligations guaranteed by the United States of America;
- Debt issued by federal agencies;
- Debt issued by states or their agencies (with ratings qualifications);
- Repurchase agreements;
- Short-term investment funds administered by a state;
- Any obligation approved in writing by Moody's Investors Service; and
- Standard & Poor's Ratings Group.

The Authority utilizes a variety of these investment options. The Authority's deposits and investments held in the Growth Fund are not governed by the *General Bond Resolution*.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposit will not be returned. To limit custodial credit risk, the Authority utilizes a sweep product, for certain accounts, under which deposits are fully insured.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, $8,668,951 of the Authority's bank balance of $19,186,192 was exposed to custodial credit risk as of May 31, 2023, as follows:

Uninsured and Uncollateralized	$	859,437
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name		7,809,514
Total Amount Subject to Custodial Risk	$	8,668,951

As of May 31, 2022, $4,780,985, of the Authority's bank balance of $15,588,703 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	607,057
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name		4,173,928
Total Amount Subject to Custodial Risk	$	4,780,985

Cash Equivalents

As of May 31, 2023 and 2022, the Authority's cash equivalents amounted to $156,258,439 and $167,189,948, respectively, and consisted of the State Short-Term Investment Fund (STIF), with a credit rating of AAAm by Standard & Poor's, United States Treasuries and cash portions of fiduciary funds held at custodial institutions.

Investments

As of May 31, 2023, the Authority had the following investments:

			Investment Maturities (Years)		
Investment Type	Credit Rating	Fair Market Value	Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	$ 971,627	$ 563,583	$ 408,044	$ –
U.S. Government Agencies	Aaa	18,135,986	3,540,114	14,595,872	–
Corporate Bonds	Aaa	317,190	317,190	–	–
Corporate Bonds	A1	1,212,769	–	1,212,769	–
Corporate Bonds	A2	1,220,495	–	1,220,495	–
Corporate Bonds	A3	900,533	–	900,533	–
Corporate Bonds	Aa3	613,478	–	613,478	–
Corporate Bonds	Baa1	918,222	248,690	669,532	–
Corporate Bonds	Baa2	2,674,664	274,692	2,399,972	–
Other Investments:					
Mutual Funds	No Rating	62,126,741			
Investment in Community Foundation Portfolio	No Rating	1,783,559			
Total Investments		$ 90,875,264			

As of May 31, 2022, the Authority had the following investments:

Investment Type	Credit Rating	Fair Market Value	Investment Maturities (Years) Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	$ 334,605	$ –	$ 334,605	$ –
U.S. Government Agencies	Aaa	12,071,044	703,108	11,367,936	–
Corporate Bonds	Aaa	125,786	–	125,786	–
Corporate Bonds	Aa1	399,806	–	399,806	–
Corporate Bonds	Aa3	91,428	–	91,428	–
Corporate Bonds	A1	772,864	–	772,864	–
Corporate Bonds	A2	2,121,735	199,872	1,921,863	–
Corporate Bonds	A3	2,612,710	804,068	1,808,642	–
Corporate Bonds	Baa1	621,041	–	621,041	–
Corporate Bonds	Baa2	925,497	249,851	675,646	–
Other Investments:					
Mutual Funds	No Rating	63,519,054			
Investment in Community Foundation Portfolio	No Rating	1,743,187			
Total Investments		$ 85,338,757			

Interest Rate Risk

The Authority typically prefers to limit its investment maturities to five years. Investments with maturities over one year are held within reserve accounts with limited liquidity requirements.

Credit Risk – Investments

As indicated above, the Authority's *General Bond Resolution* limits the investment options of the Authority. For investments governed by the *General Bond Resolution*, the Authority has an investment policy that allows the same types of investments as the *General Bond Resolution*.

Concentration of Credit Risk

The Authority, other than for investments held in the pension and OPEB plans, has no policy limiting an investment in any one issuer that is in excess of 5% of the Authority's total investments. The investment policy statement for the pension and OPEB plans governs allowed investment concentration and does include concentration restrictions.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Authority or that sells investments to or buys investments for the Authority), the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. As of May 31, 2023 and 2022, the Authority was not subject to custodial risk because it did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Authority's name.

Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The Authority has the following recurring fair value measurements as of May 31, 2023:

		Fair Value Measurements Using		
2023	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	$ 971,627	$ –	$ 971,627	$ –
U.S. Government Agencies	18,135,986	–	18,135,986	–
Corporate Bonds	7,857,351	–	7,857,351	–
Mutual Funds	62,126,741	62,126,741	–	–
Investment in Community Foundation Portfolio	1,783,559	–	1,783,559	
Total Investments by Fair Value Level	$ 90,875,264	$ 62,126,741	$ 28,748,523	$ –

The Authority has the following recurring fair value measurements as of May 31, 2022:

		Fair Value Measurements Using		
2022	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	$ 334,605	$ –	$ 334,605	$ –
U.S. Government Agencies	12,071,044	–	12,071,044	–
Corporate Bonds	7,670,867		7,670,867	–
Mutual Funds	63,519,054	63,519,054	–	–
Investment in Community Foundation Portfolio	1,743,187	–	1,743,187	–
Total Investments by Fair Value Level	$ 85,338,757	$ 63,519,054	$ 21,819,703	$ –

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Investment in Community Foundation Portfolio are investments managed by others and are valued at the quoted fair value of the underlying assets held at year-end.

The Authority did not have any investments measured at net asset value (NAV) as of May 31, 2023 and 2022.

Note 4. Capital Assets

The following is a summary of utility plant for the year ended May 31, 2023:

2023	Beginning Balance	Additions	Transfers	Adjustments and Retirements	Ending Balance
Capital Assets Not Being Depreciated/ Amortized:					
Land	$ 27,993,743	$ 44,348	$ –	$ –	$ 28,038,091
Construction Work in Progress	16,127,142	44,713,823	(23,399,438)	(558,165)	36,883,362
Total Capital Assets Not Being Depreciated	44,120,885	44,758,171	(23,399,438)	(558,165)	64,921,453
Other Capital Assets:					
Source of Supply	60,110,696	–	833,662	(1,628,625)	59,315,733
Pumping Structures and Equipment	42,810,362	–	789,151	(21,624)	43,577,889
Water Treatment Plant and Equipment	206,569,399	–	6,461,440	(2,042,941)	210,987,898
Transmission and Distribution	530,350,909	–	10,931,112	(867,891)	540,414,130
General Plant	99,764,218	–	4,384,073	(194,316)	103,953,975
Right-to-Use Lease Asset:					
Leased Equipment	19,624	3,365	–	–	22,989
Leased Facilities	640,901	–	–	–	640,901
Intangible Assets	907,700	–	–	–	907,700
Total Other Capital Assets	941,173,809	3,365	23,399,438	(4,755,397)	959,821,215
Less: Accumulated Depreciation/ Amortization:					
Source of Supply	15,956,302	696,145	–	(328,651)	16,323,796
Pumping Structures and Equipment	26,792,446	1,485,545	–	(21,624)	28,256,367
Water Treatment Plant and Equipment	122,228,017	7,305,806	–	(1,552,820)	127,981,003
Transmission and Distribution	159,700,000	9,496,612	–	(385,880)	168,810,732
General Plant	79,186,912	5,355,745	–	(186,045)	84,356,612
Right-to-Use Lease Asset					
Leased Equipment	5,016	10,363	–	–	15,379
Leased Facilities	48,671	83,962	–	–	132,633
Intangible Assets	23,082	65,949	–	–	89,031
Total Accumulated Depreciation/ Amortization	403,940,446	24,500,127	–	(2,475,020)	425,965,553
Total Other Capital Assets – Net	537,233,363	(24,496,762)	23,399,438	(2,280,377)	533,855,662
Utility Plant – Net	$ 581,354,248	$ 20,261,409	$ –	$ (2,838,542)	$ 598,777,115

The following is a summary of utility plant for the year ended May 31, 2022:

2022		Beginning Balance as Restated*		Additions		Transfers		Adjustments and Retirements		Ending Balance
Capital Assets Not Being Depreciated/ Amortized:										
Land	$	27,993,989	$	–	$	–	$	(246)	$	27,993,743
Construction Work in Progress		24,610,997		32,260,714		(40,618,859)		(125,710)		16,127,142
Total Capital Assets Not Being Depreciated		52,604,986		32,260,714		(40,618,859)		(125,956)		44,120,885
Other Capital Assets:										
Source of Supply		60,625,157		–		843,253		(1,357,714)		60,110,696
Pumping Structures and Equipment		40,557,699		–		3,373,791		(1,121,128)		42,810,362
Water Treatment Plant and Equipment		201,022,799		–		7,500,225		(1,953,625)		206,569,399
Transmission and Distribution		513,785,435		–		17,132,273		(566,799)		530,350,909
General Plant		88,371,514		166,042		11,769,317		(542,655)		99,764,218
Right-to-Use Lease Asset:										
Leased Equipment		19,624		–		–		–		19,624
Leased Facilities		640,901		–		–		–		640,901
Intangible Assets		907,700		–		–		–		907,700
Total Other Capital Assets		905,930,829		166,042		40,618,859		(5,541,921)		941,173,809
Less Accumulated Depreciation/ Amortization:										
Source of Supply		15,570,906		793,578		–		(408,182)		15,956,302
Pumping Structures and Equipment		26,517,023		1,396,310		–		(1,120,887)		26,792,446
Water Treatment Plant and Equipment		117,226,099		6,421,430		–		(1,419,512)		122,228,017
Transmission and Distribution		150,709,847		9,336,230		–		(346,077)		159,700,000
General Plant		74,498,486		5,269,284		–		(580,858)		79,186,912
Right-to-Use Lease Asset:										
Leased Equipment		–		5,016		–		–		5,016
Leased Facilities		–		48,671		–		–		48,671
Intangible Assets		–		23,082		–		–		23,082
Total Accumulated Depreciation/ Amortization		384,522,361		23,293,601		–		(3,875,516)		403,940,446
Total Other Capital Assets – Net		521,408,468		(23,127,559)		40,618,859		(1,666,405)		537,233,363
Utility Plant – Net	$	574,013,454	$	(9,133,155)	$	–	$	(1,792,361)	$	581,354,248

* The beginning balance was restated due to the implementation of GASB Statement No. 87, Leases. See Note 18.

During fiscal years 2023 and 2022, the Authority retired assets with accumulated depreciation totaling approximately $2.5 million and $4.1 million, respectively.

Note 5. Lease Receivables

The Authority, acting as lessor, leases land under long-term, non-cancelable lease agreements. The leases expire at various dates through fiscal year 2087. During the year ended May 31, 2023, the Authority recognized $94,356 and $30,973 in lease revenue and interest revenue, respectively, pursuant to these contracts. During the year ended May 31, 2022, the Authority recognized $91,058 and $33,313 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending May 31,	Principal	Interest	Total
2024	$ 89,790	$ 28,726	$ 118,516
2025	83,185	26,964	110,149
2026	82,462	25,349	107,811
2027	47,302	24,465	71,767
2028	41,152	24,115	65,267
Thereafter	1,015,771	593,116	1,608,887
Totals	$ 1,359,662	$ 722,735	$ 2,082,397

Note 6. Restricted Assets

Pursuant to the *General Bond Resolution* of the Authority adopted July 31, 1980, as amended and supplemented, the following funds of restricted assets must be maintained. The Authority may use the assets of these funds only for the following purposes specified in the *General Bond Resolution*.

Construction

Bond proceeds and other amounts deposited in the Construction Fund may be applied only toward payment of the costs of water system capital projects upon submission of a requisition to the trustee. However, the Construction Fund may be used for debt service, if no other funds are available.

Debt Service

The Authority is required to maintain a Debt Service Fund to ensure payment of interest and principal when due. The Authority must make a deposit each month to provide funds for payment of interest and principal becoming due. No such deposits need be made if the fund already contains sufficient dollars to satisfy interest coming due within six months and principal coming due within twelve months. The *General Bond Resolution* provides that, if the balances of the Debt Service Fund and Debt Reserve Fund are insufficient to pay interest, principal or sinking fund payments, the Authority must withdraw the deficiency from any of the other funds maintained by it.

Debt Reserve

The Authority is required to maintain a Debt Reserve Fund in an amount equal to the maximum aggregate of principal and interest payments becoming due in any one year in which bonds are outstanding. Amounts in the Debt Reserve Fund are to be used by the Authority in the event debt service requirements cannot be fully paid from amounts in the Debt Service Fund. To satisfy the requirements of the *General Bond Resolution*, the Authority's Debt Reserve Fund comprises surety bonds, bond proceeds, and drinking water loans.

Payments in Lieu of Taxes (PILOT)

The Act requires the Authority to make Payments in Lieu of Taxes (PILOT) to the municipalities in which the Authority owns property. The Authority is required to make monthly deposits into the PILOT Fund in amounts sufficient to provide funds for PILOT that has become due in that month.

Operating Reserve

The Authority is required to maintain an Operating Reserve Fund in an amount equal to at least one-sixth of the amount budgeted for operating expenses at the beginning of its fiscal year. Amounts in the Operating Reserve Fund may be used to pay operating expenses to the extent monies are not otherwise available.

Capital Contingency

The Authority must maintain a Capital Contingency Fund in an amount equal to or greater than 1% of outstanding bonds, less principal deposits at the time of calculation, to provide for the cost of capital projects made necessary by emergency or other unforeseen circumstances or events.

Insurance Reserve

The *General Bond Resolution* requires the Authority to keep its property insured and to carry general liability insurance (or maintain an Insurance Reserve Fund). The Authority does not maintain an Insurance Reserve Fund because it carries general liability coverage through a member-owned program of "captive" insurance and carries property insurance. The Authority also has other insurance coverage.

Rate Stabilization

The Authority established its Rate Stabilization Fund in 1996. The Rate Stabilization Fund includes a Variable Rate Bond Subaccount and a Surplus Subaccount. Per the *General Bond Resolution*, before the last day of the first month of each fiscal year, the Authority will deposit in the Rate Stabilization Fund Variable Rate Bonds Subaccount the amount, if any, by which the interest on variable rate bonds assumed for rate-making purposes or, if lower, the maximum amount of interest payable under an interest rate limitation contract, exceeded the amount of interest and related costs paid during the previous fiscal year. As of May 31, 2023 and 2022, there is no outstanding variable rate debt under the *General Bond Resolution*; therefore, no deposits were required.

After the initial funding of the Rate Stabilization Fund Surplus Subaccount as specified in a written certification by the Authority and transferred from the General Fund, the Authority shall transfer monies to the Revenue Fund to the extent required to make up deficiencies in any of the funds established under Section 402 of the *General Bond Resolution*. The Authority may at any time transfer any monies in the Rate Stabilization Fund Surplus Subaccount to the Revenue Fund, but only if each of the other funds are funded at or above their respective requirements.

The balances in the various funds as of May 31 are as follows:

	2023	2022
Construction	$ 67,108,074	$ 84,305,917
Debt Reserve	20,565,663	20,720,856
Debt Service	31,199,945	30,398,876
Payments in Lieu of Taxes (PILOT)	3,872,866	3,726,553
Operating Reserve	11,553,002	10,581,948
Capital Contingency	6,054,139	6,043,645
Rate Stabilization	10,000,000	10,000,000
Other Purposes	1,279,125	466,184
Restricted Assets	$ 151,632,814	$ 166,243,979

The level of funds required by the *General Bond Resolution* was met on May 31, 2023 and 2022.

Note 7. The Claire C. Bennitt Watershed Fund

As discussed in Note 1, The Claire C. Bennitt Watershed Fund, Inc. (the Watershed Fund) is a separate legal entity organized and operated exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, specifically for the purpose of protecting watershed land that has distinctive ecological significance through open space acquisition and environmental education. The Authority is the sole member of the Watershed Fund. The Watershed Fund is governed by a board of directors, which includes certain members of the Five-Member Authority and the Representative Policy Board (RPB), as well as an employee(s) of the Authority. The Five-Member Authority elects the board of directors.

The Authority made an initial donation of $1,234,000 to establish the Watershed Fund. Additional contributions of $452,000 and $7,700 were made by the Authority in 2000 and 2020, respectively. In fiscal 2023, the Watershed Fund provided a $20,000 grant to the Authority toward the purchase of land. This was recorded as a contribution from a related entity. In fiscal 2022, the Watershed Fund reimbursed the Authority approximately $2,566 for repairs of a vehicle, originally granted to the Authority, and also directly paid $7,500 to the third party performing such repairs. The Watershed Fund had total net position of $1,603,467 and $1,860,017 as of May 31, 2023 and 2022, respectively. The Authority donated goods and services to the Watershed Fund totaling $14,431 and $18,579 for the years ended May 31, 2023 and 2022, respectively.

As discussed in Note 1, the Watershed Fund is included as a blended component unit in the Authority's financial statements.

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended May 31 was as follows:

2023	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	$ 533,405,000	$ –	$ (21,475,000)	$ 511,930,000	$ 22,565,000
Net Bond Premiums and Discounts	46,990,572	–	(4,696,289)	42,294,283	–
Total Bonds Payable	580,395,572	–	(26,171,289)	554,224,283	22,565,000
Drinking Water Loans – Direct Borrowing	25,330,864	1,476,668	(1,359,379)	25,448,153	1,402,405
Lease Payable	612,019	3,365	(85,638)	529,746	84,123
Net Pension Liability	16,601,369	1,347,682	–	17,949,051	–
Net OPEB Liability	17,176,905	–	(1,460,037)	15,716,868	–
Total	$ 640,116,729	$ 2,827,715	$ (29,076,343)	$ 613,868,101	$ 24,051,528

2022	Beginning Balance as Restated*	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	$ 516,180,000	$ 61,490,000	$ (44,265,000)	$ 533,405,000	$ 21,475,000
Net Bond Premiums and Discounts	41,092,304	11,270,110	(5,371,842)	46,990,572	–
Total Bonds Payable	557,272,304	72,760,110	(49,636,842)	580,395,572	21,475,000
Drinking Water Loans – DIrect Borrowing	26,617,952	–	(1,287,088)	25,330,864	1,313,057
Lease Payable	660,525	–	(48,506)	612,019	85,097
Net Pension Liability	9,651,739	6,949,630	–	16,601,369	–
Net OPEB Liability	17,772,589	–	(595,684)	17,176,905	–
Total	$ 611,975,109	$ 79,709,740	$ (51,568,120)	$ 640,116,729	$ 22,873,154

* The beginning balance was restated due to the implementation of GASB Statement No. 87, Leases. See Note 18.

Revenue Bonds Payable

The Authority issues Water System Revenue Bonds to finance capital projects and to provide certain restricted funds, as required by the *General Bond Resolution*. The Water System Revenue Bonds are secured by a pledge of all revenues and all monies and securities in all funds established by the *General Bond Resolution*. Revenues include income derived from the payment of rates and charges for water service and from investments of monies in the funds established under the *General Bond Resolution*, other than the Construction Fund. Revenues do not include government grants and contributions for capital improvements.

Revenue bonds outstanding comprise the following:

2023	Issuance Date	Original Maturity Date	Original Principal	Original Interest Rate	Balance May 31, 2023
Twentieth A (Refunding Bonds)	2007	2030	$ 63,330,000	4.000%-5.250%	$ 9,555,000
2010 Series A	2010	2040	31,385,000	6.243%-6.393%	31,385,000
Twenty-Ninth (Refunding Bonds)	2014	2029	44,880,000	3.000%-5.000%	15,750,000
Thirtieth A	2014	2044	30,270,000	2.000%-5.000%	10,845,000
Thirtieth B (Refunding Bonds)	2014	2035	15,790,000	2.000%-5.000%	2,855,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	6,260,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	14,990,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	135,390,000
Thirty-Third A	2018	2047	10,900,000	3.000%-5.000%	10,485,000
Thirty-Third B-1 (Refunding Bonds)	2017	2041	33,845,000	3.000%-5.000%	30,820,000
Thirty-Third B-2 (Refunding Bonds)	2018	2032	24,250,000	5.000%	24,250,000
Thirty-Fourth A	2019	2039	11,725,000	3.000%-5.000%	10,890,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	81,410,000
Thirty-Fourth C (Green Bonds)	2019	2049	13,125,000	5.000%	13,125,000
Thirty-Fifth Taxable (Refunding Bonds)	2020	2044	54,485,000	1.643%-3.262%	52,430,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	36,925,000
Thirty-Sixth A-1 (Refunding Bonds)	2022	2038	3,750,000	4.000%	3,750,000
Thirty-Sixth A-2 (Green Bonds)	2022	2051	3,430,000	4.000%	3,430,000
Thirty-Sixth B-1 (Refunding Bonds)	2022	2029	17,385,000	4.000%-5.000%	17,385,000
Total					$ 511,930,000

2022	Issuance Date	Original Maturity Date	Original Principal	Original Interest Rate	Balance May 31, 2022
Twentieth A (Refunding Bonds)	2007	2030	$ 63,330,000	4.000%-5.250%	$ 12,520,000
2010 Series A	2010	2040	31,385,000	6.243%-6.393%	31,385,000
Twenty-Seventh (Refunding Bonds)	2012	2033	69,125,000	2.000%-5.000%	850,000
Twenty-Eighth A	2013	2043	31,690,000	1.000%-5.000%	750,000
Twenty-Eighth B (Refunding Bonds)	2013	2029	62,305,000	2.000%-5.000%	3,350,000
Twenty-Ninth (Refunding Bonds)	2014	2029	44,880,000	3.000%-5.000%	20,475,000
Thirtieth A	2014	2044	30,270,000	2.000%-5.000%	11,515,000
Thirtieth B (Refunding Bonds)	2014	2035	15,790,000	2.000%-5.000%	2,855,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	7,150,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	15,395,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	138,235,000
Thirty-Third A	2018	2047	10,900,000	3.000%-5.000%	10,695,000
Thirty-Third B-1 (Refunding Bonds)	2017	2041	33,845,000	3.000%-5.000%	32,850,000
Thirty-Third B-2 (Refunding Bonds)	2018	2032	24,250,000	5.000%	24,250,000
Thirty-Fourth A	2019	2039	11,725,000	3.000%-5.000%	11,315,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	82,095,000
Thirty-Fourth C (Green Bonds)	2019	2049	13,125,000	5.000%	13,125,000
Thirty-Fifth Taxable (Refunding Bonds)	2020	2044	54,485,000	1.643%-3.262%	53,105,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	36,925,000
Thirty-Sixth A-1 (Refunding Bonds)	2022	2038	3,750,000	4.000%	3,750,000
Thirty-Sixth A-2 (Green Bonds)	2022	2051	3,430,000	4.000%	3,430,000
Thirty-Sixth B-1 (Refunding Bonds)	2022	2029	17,385,000	4.000%-5.000%	17,385,000
Total					$ 533,405,000

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act), authorizes state and local governments to issue two general types of taxable Build America Bonds (Taxable BABs) with the federal government providing subsidies for a portion of their borrowing cost. One type of Taxable BAB provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer (Taxable BABs – Direct Payment). The General Obligation Bonds, Issue of 2010 were issued as Taxable BABs – Direct Payment on April 6, 2010, for $31,385,000. Pursuant to the Recovery Act, at inception, the Authority received a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the General Obligation Bonds, Issue of 2010 on or about each interest payment date. The 35% equates to $348,411 per payment, occurring twice a year. Such subsidy payment represents revenue to the Authority under the *General Bond Resolution*. No holders of the General Obligation Bonds, Issue of 2010 will be entitled to a tax credit. The receipt of the subsidy by the Authority is not a condition of payment of any portion of the principal and interest on the General Obligation Bonds, Issue of 2010. However, if the subsidy payments are reduced or eliminated, the General Obligation Bonds, Issue of 2010 are subject to extraordinary optional redemption. Due to provisions within the Budget Control Act of 2011 and the implementation of sequestration, the amount of the subsidy has been reduced on payments made to issuers on or after March 1, 2013, resulting in a decrease to the Authority's August 1, 2013, payment and the twice-annual payments through the current period. Reductions to the subsidy have ranged from a high of 8.7% to a low of 5.7%. A 5.7% reduction was effective for the Authority's August 2021, February 2022, August 2022, and February 2023 payments. The percent is subject to further change. The interest subsidy received totaled approximately $657,000 and $657,000 for the fiscal years ended May 31, 2023 and 2022.

Aggregate maturities of the Authority's water system revenue bonds are as follows:

Fiscal Year Ending May 31,	Principal	Interest
2024	$ 22,565,000	$ 20,963,923
2025	23,645,000	19,883,855
2026	24,785,000	18,744,294
2027	25,845,000	17,683,048
2028	26,845,000	16,681,347
2029-2033	151,945,000	65,705,668
2034-2038	130,610,000	36,319,192
2039-2043	67,760,000	13,361,964
2044-2048	26,685,000	4,831,027
2048-2053	11,245,000	759,823
Total	$ 511,930,000	$ 214,934,141

The following represents the more significant requirements of the *General Bond Resolution*:

Rate Covenants

The Authority shall have reasonable rates for each class of service and is required to establish rates and charges at levels sufficient to cover annual operating and maintenance expenses, PILOT, all debt service requirements, and any amounts necessary to meet reserve requirements established by the *General Bond Resolution*. In addition, collected revenues, less operating and maintenance expenses incurred, PILOT and depreciation expense must equal 114% of annual debt service for fiscal years 2023 and 2022. Depreciation expense and other terms are as defined in the *General Bond Resolution*. Also, collected revenues, less operating and maintenance expenses incurred, and depreciation expense must equal 125% of annual debt service before PILOT.

The Act provides that the rates and charges proposed by the Authority are subject to approval by the Representative Policy Board (RPB) following a public hearing. However, the Act also provides that the RPB shall approve such rates and charges proposed by the Authority unless it finds that such rates and charges will provide funds insufficient for, or significantly in excess of, the amounts required to meet expenses of the Authority and the requirements of the *General Bond Resolution*.

As of May 31, 2023 and 2022, the Authority was in compliance with the requirements of the *General Bond Resolution*.

Leases Payable

The Authority leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through fiscal year 2032.

Principal and interest requirements to maturity under lease agreements are as follows:

Fiscal Year Ending May 31,	Principal	Interest	Total
2024	$ 84,123	$ 10,612	$ 94,735
2025	81,080	8,822	89,902
2026	72,904	7,083	79,987
2027	64,165	5,660	69,825
2028	60,888	4,212	65,100
Thereafter	166,586	6,488	173,074
Total	$ 529,746	$ 42,877	$ 572,623

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	2023	2022
Equipment	$ 22,989	$ 19,624
Buildings	640,901	640,901
Less: Accumulated Amortization	(148,012)	(53,687)
Total	$ 515,878	$ 606,838

Maintenance of Funds

The *General Bond Resolution* provides for the maintenance of certain funds as discussed in Note 5, which for financial reporting purposes are subparts of the Authority's overall enterprise fund. All revenues (as defined and governed by the *General Bond Resolution*) collected by the Authority are deposited into the Revenue Fund and applied first to the payment of operating expenses, as defined, and then deposited to restricted funds required to be maintained by the *General Bond Resolution*. Funds remaining in the Revenue Fund at the end of the year, after the above requirements are met, are to be transferred to the General Fund, which is available to the Authority for any lawful purpose of the Authority. In June 2023, the Authority authorized approximately $25.4 million of cash and cash equivalents to be transferred to the General Fund and, subsequently, approximately $20.4 million to be transferred from the General Fund to the Construction Fund and approximately $4.0 million to be transferred to the Growth Fund. One million of the approximately $25.4 million transfer was left in the General Fund. While not governed under the *General Bond Resolution*, a transfer was also made from RWA Well Services, LLC to the Authority's Construction Fund.

Defeasance of Long-Term Debt

On July 2, 2019, the Authority issued $83,430,000 (par value) of Water System Revenue Bonds, Taxable Thirty-Fourth Series B, to refund the outstanding principal amounts of $75,765,000 of certain maturities of the Authority's Twenty-Seventh and Twenty-Eighth Series A Bonds (the Refunded Bonds). The refunding reduced total debt service payments by $10,931,293 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of $8,896,130. The Authority deposited proceeds of the refunding portion of the Taxable Thirty-Fourth Series B Bonds and certain other cash amounts in escrow with the trustee and invested in U.S. Government securities and a security unconditionally guaranteed by the U.S. Government such that the earnings thereon, together with principal, will suffice solely for the purpose of paying principal and interest on the Refunded Bonds. In the opinion of bond counsel, by deposit of the investment securities with the trustee, the Authority affected a legal defeasance under the terms of its *General Bond Resolution,* and the Refunded Bonds will not be considered as outstanding for any purpose. Accordingly, the Refunded Bonds are considered extinguished, and the investment securities and Refunded Bonds do not appear on the Authority's statements of net position. As of May 31, 2022, the remaining principal of the defeased debt was $75,765,000 and the balance in escrow for the refunding issuance was $76,458,593. The call date on the defeased bonds was August 1, 2022, and there is no remaining balance as of May 31, 2023.

On February 20, 2020, the Authority issued $54,485,000 (par value) of Water System Revenue Bonds, Taxable Thirty-Fifth Series, to refund the outstanding principal amounts of $47,245,000 of certain maturities of the Authority's Twenty-Ninth, Thirtieth Series A and Thirtieth Series B Bonds (the Refunded Bonds). The refunding reduced total debt service payments by $5,091,658 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of $3,953,689. The Authority deposited proceeds of the refunding portion of the Taxable Thirty-Fifth Series Bonds and certain other cash amounts in escrow with the trustee and invested in State and Local Government Series (SLGS) such that the earnings thereon, together with principal, will suffice solely for the purpose of paying principal and interest on the Refunded Bonds. In the opinion of bond counsel, by deposit of the investment securities with the trustee, the Authority affected a legal defeasance under the terms of its *General Bond Resolution*, and the Refunded Bonds will not be considered as outstanding for any purpose. Accordingly, the Refunded Bonds are considered extinguished, and the investment securities and Refunded Bonds do not appear on the Authority's statements of net position. As of May 31, 2023, the remaining principal of the defeased debt was $47,245,000. The balance in escrow for the refunding issuance was $49,032,019 at May 31, 2023.

On May 3, 2022, the Authority issued $17,385,000 (par value) of Water System Revenue Refunding Bonds Thirty-Sixth Series B-1 to refund the outstanding principal amount of $19,230,000 of certain maturities of the Authority's Twenty-Eighth Series A and B. The refunding reduced total debt service payments by $1,209,539 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of $1,124,028. As of May 31, 2022, the remaining principal balance of the defeased debt was $19,230,000, and the balance in escrow for the refunding issuance was $19,563,533. The call date on the defeased bonds was August 1, 2022, and there is no remaining balance as of May 31, 2023.

Drinking Water Loans Payable – Direct Borrowing

The Authority participates in the State of Connecticut's Drinking Water State Revolving Fund (DWSRF) programs, which provide low-interest loans currently bearing 2% interest for eligible drinking water projects. Qualified projects are financed by subordinate interim financing, revenue bonds, and/or internally generated funds, until such projects are complete and there is an executed project loan obligation. Proceeds received at the execution of the project loan obligation are used to reimburse Authority funds previously used and/or pay off interim subordinate financing, as well as to fund associated reserve requirements. Project loan obligations are at parity with the Authority's revenue bonds under the *General Bond Resolution*.

Long-term loan obligations mature as follows:

Fiscal Year Ending May 31,		Principal		Interest
2024	$	1,402,405	$	496,154
2025		1,430,712		467,847
2026		1,459,590		438,970
2027		1,489,052		409,509
2028		1,519,108		379,453
2029-2033		8,068,034		1,424,765
2034-2038		8,402,695		581,938
2039-2042		1,676,557		45,767
Total	$	25,448,153	$	4,244,403

The state may terminate the obligation to make the Project Loan, with 60 day's written notice, if the state determines that such termination is in the best interest of the state and the Authority fails to perform its obligations under the agreement. After giving notice, the state has discretion not to terminate the Project Loan if the Authority performs its obligations to the satisfaction of the state.

Note 9. Bond Anticipation Notes Payable

In October 2020, a Series D drawdown note was issued in an amount of $5,000,000. On the same day, $50,500 was drawn. This note matured in October 2021 and a Series A drawdown note was issued and $50,500 was drawn. This note matured in April 2022 and $50,500 was drawn. This note was reissued in April 2023 and $50,500 was drawn for temporary financing to be utilized for capital projects. The principal balance as of May 31, 2023, is $50,500.

Bond anticipation note transactions for the year ended May 31, 2023, were as follows:

Outstanding, May 31, 2022	$	50,500
New Borrowings		50,500
Repayments		(50,500)
Outstanding, May 31, 2023	$	50,500

Note 10. Pollution Remediation Obligation — Newhall Street Property, Hamden

In July 2001, the Connecticut Department of Energy & Environmental Protection (DEEP) issued Order No. SRD-128 to the Authority, the Olin Corporation, the Town of Hamden, and the State of Connecticut Board of Education to investigate and remediate certain environmental conditions and to conduct a public participation program with respect to a number of properties, including the former Hamden Middle School (HMS) property, in the Newhall Street area of Hamden. Subsequently, the parties and DEEP conducted investigations of the areas subject to the order and negotiated a Consent Order dated April 16, 2003.

Under the Consent Order, the Authority is required to investigate and remediate areas identified as the former Hamden Middle School and associated athletic field, a portion of the former Newhall Community Center, and two residential properties owned by the Hamden Housing Authority (Consent Order Area).

VOC and PCB Focused Remediation

The Authority submitted Focused Remedial Plans (FRPs) to address isolated "hot spots" of polychlorinated biphenyls (PCBs) and volatile organic compounds (VOCs) on the site in 2007 and 2009, respectively. In July 2013, the Authority submitted a report to DEEP stating that compliance with DEEP remediation standards for the VOC hot spot on the HMS site could be demonstrated through a combination of statistical methods and land use restrictions, and that active remediation of the VOC hot spot, as outlined in the 2009 VOC FRP plan, is not necessary. DEEP, in a September 2013 letter, concurred with this conclusion. Therefore, no remediation of the VOC hot spot will be required. Also, in July 2013, the Authority submitted a revised PCB FRP to DEEP, which was approved in September 2013. PCB remediation was completed in fiscal year 2014. A final report summarizing the remediation was submitted to the DEEP in June 2014.

Alternative Cleanup Criteria Submittal

In June 2014, the Authority submitted a formal request to DEEP for consideration of alternative site-wide cleanup criteria to clarify and simplify site remediation requirements. DEEP approved this request in letters dated June 27, 2014, and July 28, 2014, and by virtue of accepting the Remediation Action Plan (RAP) for the former Newhall Community Center, approved in January 2015, as described below:

Hamden Economic Development Corporation

In December 2013, the Hamden Economic Development Corporation (HEDC) took title to a portion of the property assigned to the Authority in the Consent Order known as the former Newhall Community Center from the Town of Hamden. HEDC was redeveloping the site for a small business incubator, including renovating the building and creating paved parking. In August 2014, the Authority submitted a RAP to remediate this portion of the Consent Order Area in accordance with DEEP's Remediation Standards Regulations. DEEP approved the RAP in January 2015. Physical remediation of the HEDC property was subsequently completed in May 2015. A status report summarizing the remediation action was filed with DEEP in June 2015. Site redevelopment was completed by HEDC in 2019. The Environmental Land Use Restriction (ELUR) application process was delayed due to a change in ownership in April 2021. The application was subsequently amended, including obtaining all necessary subordination agreements. In July 2022, DEEP approved the ELUR and it was recorded on the municipal land records.

Status of Site-Wide Remediation

Physical remediation of the remaining portions of the Consent Order Area by the Authority was implemented in four phases in accordance with a RAP approved by DEEP in October 2016. The first phase encompassing the southern portion of the former Hamden Middle School property and two residential properties owned by the Hamden Housing Authority was completed in fiscal 2017. A second phase took place in areas on the northwest and northern portions of the former Hamden Middle School property, which was completed in fiscal 2018. The Authority and the Town of Hamden were working under the assumption that remaining remedial work would be coordinated with a current locally approved site redevelopment plan; however, following discussions with DEEP, the Town of Hamden and the prospective developer in late 2017, all parties agreed that this approach has been rendered infeasible and impractical. With DEEP's concurrence, the Authority proceeded with site-wide remedial actions conforming to pre-development site conditions, which takes into account existing buildings, pavement, and the demolition of some of the former school buildings by the HEDC. Phase Three encompassing areas east of the former classroom building was completed in fiscal 2019, with the fourth and final phase completed in fiscal 2020.

The above remedial actions resulted in contaminated soils on the site being rendered "inaccessible," as defined in Connecticut's Remediation Standards Regulations (RSRs), utilizing existing buildings and pavement, or covering with a minimum four feet of clean fill.

Environmental Land Use Restrictions (ELURs)

The Connecticut Remediation Standards Regulations (RSR) require each of the four properties to be subject to ELURs. ELURs are required to be approved by DEEP and restrict current and future landowners from disturbing the remediated areas of the properties. All of the current land-owners needed to sign onto the ELURs. Others with an interest in the properties, including mortgage and easement holders, needed to enter into subordination agreements. The ELURs are filed on the town land records with notifications to local agencies and chief elected officials.

All of the four required ELURs, consisting of the aforementioned residential properties, were approved and recorded on the Hamden land records. The ELURs demonstrate compliance with the RSRs and ensure that future site users can identify the nature and physical boundaries of contaminants legally buried in place at concentrations above the RSRs.

Post-Remediation Monitoring and Closure

In February 2021, the Authority submitted a closure report to DEEP, along with a proposed groundwater monitoring plan for the small portion of the former middle school site where groundwater flows toward the Lake Whitney public water supply reservoir. Both were approved by DEEP in March of 2021. Monitoring wells were installed in April 2021. Four consecutive quarters of sampling demonstrated that the groundwater quality complies with the RSRs for GAA ground water classification areas, as defined in the Connecticut Water Quality Standards. In August 2022, a closure report was submitted to DEEP for their review, documenting that the Order Area has been fully investigated and remediated in accordance with the RSRs and that all obligations of Order SRD-128 have been satisfied by the Authority. Final release from the Consent Order is pending a review and response from DEEP.

The Authority believes that any estimated present value of future outlays for which the Authority is responsible under the Consent Order would be inconsequential and coverable as part of its multi-year Capital Improvement Program and/or the operating budget, as appropriate. As of May 31, 2023, there is no known remaining obligation.

The Authority recognized a pollution remediation remaining obligation of $2.0 million as of December 31, 2002, based on information available at that time, and continues to update the estimated cost of remediation. In fiscal 2017, the estimate of the cost to remediate was increased by $1.1 million from $3.1 million to $4.2 million. Between fiscal 2018 and fiscal 2021, there have been relatively small updates both up and down to the estimates. In fiscal 2021, there was an upward revision, bringing the estimated remediation costs back to approximately $4.2 million. As of May 31, 2022, the remaining obligation was estimated at approximately $11,000, and as of May 31, 2023 there is no estimated remaining obligation.

As the remediation costs are recovered through current and future rates, incurred remediation costs net of amortization have been recognized as a regulatory asset.

Note 11. HazWaste Central

As an agent for the South Central Connecticut Regional Council of Governments, the Authority owns and operates a regional collection center for household hazardous waste, HazWaste Central, located at its headquarters on Sargent Drive.

Since HazWaste Central receives its revenue after incurring its operating costs, the Authority provides advance funding to the organization. The Authority is reimbursed for its advances when revenue is received by that organization.

Note 12. Commitments and Contingencies

In the opinion of the Authority and its legal counsel, various legal matters in which the Authority is currently involved will not materially affect the Authority's financial position.

Litigation

A number of claims and suits are pending against the Authority for alleged damages to persons and properties, and for other alleged liabilities arising out of its operations. The probable outcome of such matters cannot be determined at this time; however, in the opinion of management, any ultimate liability that may arise from these actions is not expected to materially affect the Authority's financial position.

Capital and Other Commitments

As of May 31, 2023, the Authority has an estimated $4.8 million projected remaining capital expenditures associated with ongoing projects under cancelable binding contracts. In addition, the Authority has an estimated commitment of $3.3 million associated with the implementation of a new Customer Information System.

Under an existing agreement for hosting and network support of the Authority's SAP system, as of May 31, 2023, there is approximately $.08 million remaining under the agreement.

During fiscal year 2023, the Authority entered into an agreement for the implementation and support of a new Customer Information System. This agreement contains a termination convenience fee of $1.5 million. Additionally, a second agreement regarding a solar array contains a termination for convenience fee of approximately $1.3 million. The Authority does not intend to terminate either of these agreements.

Risk Management

The Authority is subject to certain business risks common to the utility industry. Most of these risks are mitigated by traditional insurance coverage obtained by the Authority. For risks associated with workers' compensation, automobile and general liability, the Authority elected, as of October 31, 2000, to participate in a program of member-owned "captive" insurance. It is management's belief that the Authority's exposure to losses arising from its participation in a program of "captive" insurance will not materially affect the financial results of the Authority's operations and cash flows.

Letter of Credit

The Authority has available to them a $2,578,054 letter of credit that expires March 1, 2024. There were no borrowings on this letter of credit as of May 31, 2023 and 2022.

Self-Insurance

The Authority administers a program of self-insurance for certain medical and dental claims and provides for losses by charging operating expense as liabilities are incurred. The Authority records a liability, in accounts and other payables, and other accrued liabilities, when it is probable that it has incurred an uninsured loss and it can reasonably estimate that loss. The Authority's liability for unpaid claims is based upon the estimated cost of settling the claims after a review of estimated recoveries. Changes in the amounts recorded for liabilities for the years ended May 31, 2023 and 2022 were as follows:

2023	Beginning Balance	Claims and Expenses Paid	Additional Reserves	Ending Balance
Medical and Dental Claims	$ 562,744	$ (4,472,592)	$ 4,440,346	$ 530,498
Insurance Reserve for "Captive" (October 1, 2000 - Present)	2,310,305	(1,116,730)	846,578	2,040,153
Insurance Reserve (Pre-October 1, 2000)	369,286	(155,689)	151,357	364,954
Total Liability	$ 3,242,335	$ (5,745,011)	$ 5,438,281	$ 2,935,605

2022	Beginning Balance	Claims and Expenses Paid	Additional Reserves	Ending Balance
Medical and Dental Claims	$ 588,735	$ (5,148,789)	$ 5,122,798	$ 562,744
Insurance Reserve for "Captive" (October 1, 2000 - Present)	2,378,139	(748,624)	680,790	2,310,305
Insurance Reserve (Pre-October 1, 2000)	410,412	(97,802)	56,676	369,286
Total Liability	$ 3,377,286	$ (5,995,215)	$ 5,860,264	$ 3,242,335

Note 13. Defined Benefit Pension Plans

Plan Description

The Authority's two retirement plans are single-employer defined benefit pension plans administered under a master trust agreement by the Five-Member Authority. The retirement plans provide retirement and disability benefits to the plans' members and their beneficiaries. Cost-of-living adjustments are not provided to members and beneficiaries but may be made at the discretion of the Authority. The Authority establishes and amends benefit provisions of the plans.

The pension plans are included in the Authority's financial reporting entity and accounted for in the Pension Trust Fund. The Authority does not issue a stand-alone financial report for the plans.

Management of the plan rests with the Pension and Benefit Committee of the Five-Member Authority. The Pension and Benefit Committee consists of all five members of the Five-Member Authority. As of May 31, 2023, two members of senior management are authorized and empowered to act as management's Pension Review Committee for the Authority's Salaried Employees' Retirement Plan and Retirement Plan (Union), with instructions to defer final action on nonroutine or discretionary matters until they have consulted with the Pension and Benefits Committee.

At January 1, 2023, which is the date of the latest actuarial valuations, membership consisted of the following:

	Salaried Plan	Bargaining Unit Plan
Retirees, Disabled and Beneficiaries Currently Receiving Benefits	173	117
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	64	39
Current Active Members	71	64
Total Members	308	220

At January 1, 2022, which is the date of the prior actuarial valuations, membership consisted of the following:

	Salaried Plan	Bargaining Unit Plan
Retirees, Disabled and Beneficiaries Currently Receiving Benefits	173	113
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	65	34
Current Active Members	72	75
Total Members	310	222

Both plans have been closed to new entrants. The salaried plan was closed to new entrants as of January 1, 2011, and the bargaining unit plan was closed to new entrants as of April 15, 2010.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with plan provisions. Administrative costs of the plan are financed through investment earnings.

Valuation of Investments

Investments are reported at fair value as determined by quoted prices in active markets.

Funding Policy

The Authority contributes, at a minimum, the actuarially determined rate. For the year ended May 31, 2023, the Authority contributed approximately $2.3 million in excess of the actuarial required contribution. In May 31, 2022, the Authority contributed approximately $1.1 million in excess of the required contribution.

The individual plan net position at May 31, 2023, and changes in net position for the year then ended are as follows:

2023 Fiduciary Net Position	Salaried Plan	Bargaining Unit Plan	Total Pension Trust Fund
Assets			
Cash and Cash Equivalents	$ 1,574,534	$ 686,305	$ 2,260,839
Investments:			
U.S. Government Securities	627,227	294,488	921,715
U.S. Government Agencies	1,641,074	843,791	2,484,865
Corporate Bonds	4,952,107	2,905,244	7,857,351
Mutual Funds	33,399,802	20,065,336	53,465,138
Total Assets	42,194,744	24,795,164	66,989,908
Net Position			
Restricted for Pension Benefits	$ 42,194,744	$ 24,795,164	$ 66,989,908
Additions			
Contributions:			
Employer	$ 3,620,498	$ 1,556,441	$ 5,176,939
Employees	966	–	966
Total Contributions	3,621,464	1,556,441	5,177,905
Investment Earnings (Loss):			
Net Decrease in Fair Value of Investments	(1,423,458)	(842,424)	(2,265,882)
Investment Earnings	1,352,505	812,060	2,164,565
Net Investment Earnings (Loss)	(70,953)	(30,364)	(101,317)
Total Additions	3,550,511	1,526,077	5,076,588
Deductions			
Benefits	3,188,042	1,863,195	5,051,237
Expenses	206,201	117,849	324,050
Other	13,668	9,558	23,226
Total Deductions	3,407,911	1,990,602	5,398,513
Change in Net Position	142,600	(464,525)	(321,925)
Net Position – Beginning of Year	42,052,144	25,259,689	67,311,833
Net Position – End of Year*	$ 42,194,744	$ 24,795,164	$ 66,989,908

* Net position of the Salaried Plan includes $90,661 associated with a stop payment of a distribution.

The individual plan net position at May 31, 2022, and changes in net position for the year then ended are as follows:

2022 Fiduciary Net Position		Salaried Plan		Bargaining Unit Plan		Total Pension Trust Fund
Assets						
Cash and Cash Equivalents	$	1,641,512	$	511,850	$	2,153,362
Investments:						
U.S. Government Securities		195,186		139,419		334,605
U.S. Government Agencies		1,485,592		919,499		2,405,091
Corporate Bonds		4,716,253		2,954,614		7,670,867
Mutual Funds		34,013,601		20,734,307		54,747,908
Total Assets		42,052,144		25,259,689		67,311,833
Net Position						
Restricted for Pension Benefits	$	42,052,144	$	25,259,689	$	67,311,833
Additions						
Contributions:						
Employer	$	3,124,817	$	1,229,525	$	4,354,342
Employees		5,721		–		5,721
Total Contributions		3,130,538		1,229,525		4,360,063
Investment Earnings (Loss):						
Net Decrease in Fair Value of Investments		(3,737,754)		(2,270,471)		(6,008,225)
Investment Earnings and Other Income		1,558,473		954,035		2,512,508
Net Investment Earnings (Loss)		(2,179,281)		(1,316,436)		(3,495,717)
Total Additions		951,257		(86,911)		864,346
Deductions						
Benefits		3,360,544		1,726,421		5,086,965
Expenses		210,893		128,392		339,285
Other		(25,446)		(18,815)		(44,261)
Total Deductions		3,545,991		1,835,998		5,381,989
Change in Net Position		(2,594,734)		(1,922,909)		(4,517,643)
Net Position – Beginning of Year		44,646,878		27,182,598		71,829,476
Net Position – End of Year	$	42,052,144	$	25,259,689	$	67,311,833

Investments

Investment Policy

The Five-Member Authority determines the asset allocation ranges and targets, and the investment advisor has discretion to invest within the authorized ranges and to select the specific investments within an asset category. As of May 31, 2023 and 2022, the associated targets were as follows:

Asset Class	Target Allocation 2023	2022
Fixed Income	30%	30%
U.S. Equity	38	37
Global	4	4
International Equity	13	14
Alternative, Hedge and Swing	15	15
Total	100%	100%

The asset allocation targets and ranges, effective July 18, 2019, were authorized by the Five-Member Authority. The equity target was set in total, with discretion allowed among the category of equities.

Rate of Return

For the year ended May 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative .17% for the salaried plan and negative .12% for the bargaining unit plan.

For the year ended May 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 4.9% for the salaried plan and negative 4.9% for the bargaining unit plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Authority

The components of the net pension liability of the Authority at May 31, 2023, were as follows:

	Salaried Plan	Bargaining Unit Plan
Total Pension Liability	$ 53,711,027	$ 31,227,932
Plan Fiduciary Net Position	42,194,744	24,795,164
Net Pension Liability	$ 11,516,283	$ 6,432,768
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.56%	79.40%

The components of the net pension liability of the Authority at May 31, 2022, were as follows:

	Salaried Plan	Bargaining Unit Plan
Total Pension Liability	$ 53,481,062	$ 30,432,140
Plan Fiduciary Net Position	42,052,144	25,259,689
Net Pension Liability	$ 11,428,918	$ 5,172,451
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.63%	83.00%

Actuarial Assumptions

The total pension liability as of May 31, 2023, was determined by an actuarial valuation as of January 1, 2023, rolled forward to May 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement:

	Salaried Plan	Bargaining Unit Plan
Inflation	3%	3%
Salary Increase	4% Average, Including Inflation	N/A
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense Including Inflation	6.75%, Net of Pension Plan Investment Expense Including Inflation

The total pension liability as of May 31, 2022 was determined by an actuarial valuation as of January 1, 2022, rolled forward to May 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	Salaried Plan	Bargaining Unit Plan
Inflation	3%	3%
Salary Increase	4%, Average, Including Inflation	N/A
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense Including Inflation	6.75%, Net of Pension Plan Investment Expense Including Inflation

Mortality rates for the year ended May 31, 2023, and May 31, 2022, for the Salaried Plan were based on the PubG.2010 Above Median Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale. Mortality rates for the Bargaining Unit Plan were based on the PubG-2010 Total Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 pension plan's target asset allocation as of May 31, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8%
U.S. Equity	8.3
Global	8.0
International Equity	7.4
Alternatives, Hedge, and Swing	6.2

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of May 31, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8%
U.S. Equity	8.0
Global	8.0
International Equity	8.0
Alternatives, Hedge, and Swing	6.3

Discount Rate

The discount rate used to measure the total pension liability as of May 31, 2023, for the salaried plan was 6.75%, and for the bargaining unit plan 6.75%. The discount rate used to measure the total pension liability as of May 31, 2022, for the salaried plan was 6.75%, and for the bargaining unit plan 6.75%. The projection of cash flows used to determine the discount rate was made at the actuarially determined contribution. For the years ended May 31, 2023 and 2022, the Authority contributed above the actuarial required contribution. An expected rate of return of 6.75% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Changes in the net pension liability at May 31, 2023, were as follows:

2023 Salaried Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances – June 1, 2022	$ 53,481,062	$ 42,052,144	$ 11,428,918
Changes for the Year:			
Service Cost	$ 503,924	–	$ 503,924
Interest on Total Pension Liability	3,469,492	–	3,469,492
Differences Between Expected and Actual Experience	(555,409)	–	(555,409)
Employer Contributions	–	3,620,498	(3,620,498)
Member Contributions	–	966	(966)
Net Investment Gain	–	(70,953)	70,953
Benefit Payments, Including Refund to Employee Contributions	(3,188,042)	(3,188,042)	–
Administrative Expenses	–	(206,201)	206,201
Other	–	(13,668)	13,668
Net Changes	229,965	142,600	87,365
Balances – May 31, 2023	$ 53,711,027	$ 42,194,744	$ 11,516,283

2023 Bargaining Unit Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances – June 1, 2022	$ 30,432,140	$ 25,259,689	$ 5,172,451
Changes for the Year:			
Service Cost	$ 112,296	–	$ 112,296
Interest on Total Pension Liability	1,985,848	–	1,985,848
Differences Between Expected and Actual Experience	560,843	–	560,843
Employer Contributions	–	1,556,441	(1,556,441)
Net Investment Gain	–	(30,364)	30,364
Benefit Payments, Including Refund to Employee Contributions	(1,863,195)	(1,863,195)	–
Administrative Expenses	–	(117,849)	117,849
Other	–	(9,558)	9,558
Net Changes	795,792	(464,525)	1,260,317
Balances – May 31, 2023	$ 31,227,932	$ 24,795,164	$ 6,432,768

Changes in the Net Pension Liability

Changes in the net pension liability at May 31, 2022, were as follows:

2022 Salaried Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balances – June 1, 2021	$ 51,782,796	$ 44,646,878	$ 7,135,918
Changes for the Year:			
Service Cost	519,885	–	519,885
Interest on Total Pension Liability	3,356,740	–	3,356,740
Differences Between Expected and Actual Experience	1,098,396	–	1,098,396
Changes in Assumptions	83,789	–	83,789
Employer Contributions	–	3,124,817	(3,124,817)
Member Contributions	–	5,721	(5,721)
Net Investment Gain	–	(2,179,281)	2,179,281
Benefit Payments, Including Refund to Employee Contributions	(3,360,544)	(3,360,544)	–
Administrative Expenses	–	(210,893)	210,893
Other	–	25,446	(25,446)
Net Changes	1,698,266	(2,594,734)	4,293,000
Balances – May 31, 2022	$ 53,481,062	$ 42,052,144	$ 11,428,918

2022 Bargaining Unit Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balances – June 1, 2021	$ 29,698,419	$ 27,182,598	$ 2,515,821
Changes for the Year:			
Service Cost	129,241	–	129,241
Interest on Total Pension Liability	1,942,609	–	1,942,609
Differences Between Expected and Actual Experience	131,988	–	131,988
Changes in Assumptions	61,809	–	61,809
Changes in Benefit Terms	194,495	–	194,495
Employer Contributions	–	1,229,525	(1,229,525)
Net Investment Gain	–	(1,316,436)	1,316,436
Benefit Payments, Including Refund to Employee Contributions	(1,726,421)	(1,726,421)	–
Administrative Expenses	–	(128,392)	128,392
Other	–	18,815	(18,815)
Net Changes	733,721	(1,922,909)	2,656,630
Balances – May 31, 2022	$ 30,432,140	$ 25,259,689	$ 5,172,451

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority for the year ended May 31, 2023, calculated using the discount rate of 6.75% for the salaried plan and 6.75% for the bargaining unit plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2023 Salaried Plan	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 16,428,232	$ 11,516,283	$ 7,264,315

2023 Bargaining Unit Plan	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 9,625,088	$ 6,432,768	$ 3,699,215

The following presents the net pension liability of the Authority for the year ended May 31, 2022, calculated using the discount rate of 6.75% for the salaried plan and 6.75% for the bargaining unit plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2022 Salaried Plan	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 16,434,976	$ 11,428,918	$ 7,105,159

2022 Bargaining Unit Plan	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	$ 8,352,082	$ 5,172,451	$ 2,449,950

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended May 31, 2023 and 2022, the Authority recognized pension expense of $4,725,087 and $4,310,579, respectively. At May 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

2023	Deferred Outflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ 305,330	$ 399,130	$ 704,460
Changes of Assumptions	23,291	58,499	81,790
Differences Between Projected and Actual Earning on Pension Plan Investments	3,063,144	1,810,738	4,873,882
Total	$ 3,391,765	$ 2,268,367	$ 5,660,132

2023	Deferred Inflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ 343,905	$ –	$ 343,905

2022	Deferred Outflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ 1,018,142	$ 127,595	$ 1,145,737
Changes of Assumptions	344,842	448,691	793,533
Differences Between Projected and Actual Earning on Pension Plan Investments	990,681	586,741	1,577,422
Total	$ 2,353,665	$ 1,163,027	$ 3,516,692

2022	Deferred Inflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ –	$ –	$ –
Changes of Assumptions	–	–	–
Differences Between Projected and Actual Earning on Pension Plan Investments	–	–	–
Total	$ –	$ –	$ –

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending May 31,		
2024		1,234,599
2025		591,854
2026		2,571,769
2027		918,005
Total	$	5,316,227

Note 14. Voluntary Investment Plan

The Authority maintains a voluntary investment plan (a defined contribution 401(k) plan) covering eligible salaried employees. Salaried employees hired after January 1, 2011, receive an Authority contribution of 4.5% of their pay after six months of service. Salaried employees are not required to contribute in order to receive a match. Authority contributions vest immediately. Effective January 1, 1997, eligible bargaining unit employees were allowed to participate in the voluntary investment plan. Bargaining unit employees hired after April 15, 2010, and before April 15, 2014, receive an Authority contribution of 4.0% of pay with 100% vesting. Bargaining unit employees hired after April 15, 2014, receive an Authority contribution of 4.0% of their pay after six months of employment under the following vesting schedule: 50% after three years of service, 75% after four years of service, and 100% after five years of service. Contributions to the plan for the years ended May 31, 2023 and 2022, were as follows:

		2023		2022
Employer Contributions	$	1,002,499	$	918,264
Employee Contributions		2,129,862		2,112,420

Note 15. Other Post-Employment Benefits — Retiree Healthcare

Plan Description

The Authority's OPEB plan is a single-employer defined benefit plan that includes health benefits to retirees and qualifying dependents, as well as a death benefit that increased to $13,000 in April 2017. Medical coverage for retirees and spouses over 65 is provided by an indemnity plan. Medical and dental coverage for retirees and dependents under 65 is provided by the Authority's self-insurance plan. Eligibility is stated in the funding policy section below.

In September 2008, the Authority established the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (the Trust). On October 9, 2008, the Authority transferred $724,462 to the Trust as its initial funding. This initial contribution comprises $564,462 from the Birmingham Utilities Retiree Trust and $160,000 as the Authority's initial funding of the Trust.

The retiree health plan is included in the Authority's financial reporting entity and accounted for as a trust fund. The Authority does not issue a stand-alone financial report for the plan.

The Authority opted to fund the Trust by contributing the actuarial recommended cash contribution.

Administration of the plan rests with the Pension and Benefit Committee of the Five-Member Authority. The Pension and Benefit Committee consists of all five members of the Five-Member Authority.

At January 1, 2023 and 2022, plan membership consisted of the following:

Retiree Health Plan	2023	2022
Retired Members and Spouses	262	243
Active Plan Members	139	136
Members' Death Benefits Only	120	149
Total Participants	521	528

The plan is closed to new entrants, other than for the death benefit and eligibility to participate in the group health insurance at one's own expense.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Financial statements for the Trust are prepared using the accrual method of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are reported at fair value as determined by quoted prices in active markets.

Funding Policy

Requirements for contributions by union plan members are negotiated with the union. Retiree contribution requirements vary depending on retirement date and hire date as described below:

Union Employees and Spouses

- Until they are eligible for Medicare, retired employees under 65 are subject to the same contribution levels and increases in contributions as active employees.
- Employees who retired on or before April 15, 2006, receive full benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and spouse if qualified.
- Employees who retire after April 15, 2006, and who were hired before January 1, 2006, receive benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and for such of their dependents as qualified at levels in place as of December 31, 2005. Retirees and qualifying dependents are responsible for costs above $158.14 per individual per month for the Medicare Supplemental Plan and $78.00 per individual per month for Medicare Part B.

- Retired employees who were hired on or after January 1, 2006, are entitled to continue in the group health coverage by paying the entire monthly cost for the appropriate coverage based on their age.

Nonunion Employees and Spouses:

- Until they are eligible for Medicare, retired employees under 65 are subject to the same contribution levels and increases in contributions as active employees.
- Employees who retired on or before January 1, 2006. receive full benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and spouse if qualified.
- Employees who retire after January 1, 2006, and who were hired before January 1, 2005, receive benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and for such of their dependents as qualified at levels in place as of December 31, 2004. Retirees and qualifying dependents are responsible for costs above $158.14 per individual per month for the Medicare Supplemental Plan and $66.60 per individual per month for Medicare Part B.
- Retired employees who were hired on or after January 1, 2005, are entitled to continue in the group health coverage by paying the entire monthly cost for the appropriate coverage based on their age.

The Authority's cash contribution to the trust was $1,737,894 for the fiscal year ended May 31, 2023. The Authority's contribution was based on the actuarially calculated recommended cash contribution.

Investments

Investment Policy

The Five-Member Authority determines the asset allocation target and the associated ranges and the investment advisor has discretion to invest within the authorized ranges, and to select the specific investments within an asset category. As of May 31, 2023 and 2022, the associated targets were as follows:

Asset Class	Target Allocation
Fixed Income	30%
U.S. Equity	37
Global	4
International Equity	14
Alternatives, Hedge, and Swing	15
Total	100%

The asset allocation targets were approved by the Five-Member Authority on April 19, 2018. Effective July 18, 2019, the Five-Member Authority authorized revised ranges for the asset categories. The equity target was set in total, with discretion allowed among the categories of equity.

Rate of Return

As of May 31, 2023 and 2022, the annual money-weighted rate of return on investments, net of investment expense, was negative .39% and a negative 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, and was determined based on an assumption of contributions and expenses being paid in the middle of the plan year.

Net OPEB Liability of the Authority

The Authority's net OPEB liability was measured as of May 31, 2023 and 2022. The components of the net OPEB liability of the Authority at May 31, 2023, were as follows:

Total OPEB Liability	$	24,975,189
Plan Fiduciary Net Position		9,258,321
Net OPEB Liability	$	15,716,868
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		37.07%

The components of the net OPEB liability of the Authority at May 31, 2022, were as follows:

Total OPEB Liability	$	26,268,760
Plan Fiduciary Net Position		9,091,855
Net OPEB Liability	$	17,176,905
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		34.61%

Actuarial Assumptions

The total OPEB liability for May 31, 2023, was determined by an actuarial valuation as of January 1, 2023, rolled forward to May 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Salary Scale	4.00%
Investment Rate of Return	6.75%
Healthcare Cost Trend Rates	6.50% Per Year Graded Down Using the Getzen Model to an Ultimate Rate of 4.14% Per Year

The total OPEB liability for May 31, 2022 was determined by an actuarial valuation as of January 1, 2022, rolled forward to May 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Scale	4.00%
Investment Rate of Return	6.75%
Healthcare Cost Trend Rates	6.10% Per Year Graded Down Using the Getzen Model to an Ultimate Rate of 3.94% Per Year

Mortality rates for the year ended May 31, 2023, were based on the 2010 Public Sector Retirement Plans Mortality table for above-average-salary general employee populations with MP-2021 mortality improvement scale.

Mortality rates for the year ended May 31, 2022, were based on the 2010 Public Sector Retirement Plans Mortality table for above-average-salary general employee populations with MP-2021 mortality improvement scale.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset as of May 31, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8%
U.S. Equity	8.3
Global	8.0
International Equity	7.4
Alternatives, Hedge, and Swing	6.2

The best estimates of arithmetic real rates of return for each major asset as of May 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8%
U.S. Equity	8.0
Global	8.0
International Equity	8.0
Alternatives, Hedge, and Swing	6.3

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% for the years ended May 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Net Pension Liability

2023	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances – June 1, 2021	$ 26,268,760	$ 9,091,855	$ 17,176,905
Changes for the Year:			
Service Cost	193,996	–	193,996
Interest	1,697,088	–	1,697,088
Difference Between Expected and Actual Experience	(2,124,593)	–	(2,124,593)
Changes in Assumptions	431,098	–	431,098
Benefit Payments, Including Refunds to Employee Contributions	(1,711,375)	(1,711,375)	–
Contributions – Employer	–	1,737,894	(1,737,894)
Contributions – Retiree	220,215	220,215	–
Net Investment Income	–	(35,715)	35,715
Administrative Expense	–	(44,553)	44,553
Net Changes	(1,293,571)	166,466	(1,460,037)
Balances – May 31, 2022	$ 24,975,189	$ 9,258,321	$ 15,716,868

2022	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances – June 1, 2020	$ 27,286,156	$ 9,513,567	$ 17,772,589
Changes for the Year:			
Service Cost	201,622	–	201,622
Interest	1,763,676	–	1,763,676
Difference Between Expected and Actual Experience	(1,108,387)	–	(1,108,387)
Changes in Assumptions	(266,012)	–	(266,012)
Benefit Payments, Including Refunds to Employee Contributions	(1,815,778)	(1,815,778)	–
Contributions – Employer	–	1,734,198	(1,734,198)
Contributions – Retiree	207,483	207,483	–
Net Investment Income	–	(500,640)	500,640
Administrative Expense	–	(46,975)	46,975
Net Changes	(1,017,396)	(421,712)	(595,684)
Balances – May 31, 2021	$ 26,268,760	$ 9,091,855	$ 17,176,905

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority for the year ended May 31, 2023, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

2023	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	$ 17,602,959	$ 15,716,868	$ 14,050,671

The following presents the net OPEB liability of the Authority for the year ended May 31, 2022, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

2022	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	$ 19,134,041	$ 17,176,905	$ 15,444,603

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority for the year ended May 31, 2023, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2023	1% Decrease (5.50% Decreasing to 3.14%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.14%)	1% Increase (7.50% Decreasing to 5.14%)
Net OPEB Liability	$ 13,926,618	$ 15,716,868	$ 17,744,828

The following presents the net OPEB liability of the Authority for the year ended May 31, 2022, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2022	1% Decrease (5.10% Decreasing to 2.94%)	Healthcare Cost Trend Rates (6.10% Decreasing to 3.94%)	1% Increase (7.10% Decreasing to 4.94%)
Net OPEB Liability	$ 15,288,169	$ 17,176,905	$ 19,318,131

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended May 31, 2023 and 2022, the Authority recognized OPEB expense of $591,129 and $778,365, respectively. At May 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 24,253	$ 4,453,286
Changes of Assumptions	1,489,241	189,043
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	704,454	–
Total	$ 2,217,948	$ 4,642,329

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 183,800	$ 3,836,451
Changes of Assumptions	1,539,341	252,607
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	254,808	–
Total	$ 1,977,949	$ 4,089,058

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending May 31,	
2024	(914,810)
2025	(671,538)
2026	(83,994)
2027	(335,136)
2028	(395,250)
Thereafter	(23,653)
Total	$ (2,424,381)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actuarial results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive requirements and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2023, actuarial valuation, the frozen entry age normal actuarial funding method was used with a healthcare cost trend of 6.5% graded down by the Getzen Model to an ultimate rate of 4.14% annually and a discount rate of 6.75%.

Note 16. Subsequent Events

Subsequent events have been evaluated through September 12, 2023, the date the financial statements were available to be issued.

In June 2023, the Authority issued the Thirty-Seventh Series A-1 with a par value of $15,595,000 and A-2 (Green Bonds) with a par value of $2,230,000. This series had coupons of 5% and a combined premium of $1,809,042. This resulted in proceeds of $19,634,042.

Note 17. Blended Component Unit

The Watershed Fund has been included as part of the Authority's financial statements as a blended component unit. In accordance with GASB 61, the following summarized information as of May 31, 2023 and 2022 is required:

Condensed Statement of Net Position at May 31, 2023

	The Authority	The Watershed Fund	Combined Financial Statements
Assets			
Utility Plant	$ 598,777,115	$ –	$ 598,777,115
Nonutility Plant	65,474,266	–	65,474,266
Current Assets	71,180,804	1,838,556	73,019,360
Other Assets	162,748,388	–	162,748,388
Total Assets	898,180,573	1,838,556	900,019,129
Deferred Outflows of Resources	33,320,081	–	33,320,081
Liabilities			
Current Liabilities	38,737,976	115,089	38,853,065
Long-Term Liabilities	589,696,573	120,000	589,816,573
Liabilities from Restricted Assets	11,228,460	–	11,228,460
Total Liabilities	639,663,009	235,089	639,898,098
Deferred Inflows of Resources	6,405,808	–	6,405,808
Net Position			
Net Investment in Capital Assets	95,201,571	–	95,201,571
Restricted	143,731,164	1,603,467	145,334,631
Unrestricted	46,499,102	–	46,499,102
Total Net Position	$ 285,431,837	$ 1,603,467	$ 287,035,304

Condensed Statement of Net Position at May 31, 2022

	The Authority	The Watershed Fund	Combined Financial Statements
Assets			
Utility Plant	$ 581,354,248	$ –	$ 581,354,248
Nonutility Plant	64,983,525	–	64,983,525
Current Assets	67,553,849	1,927,406	69,481,255
Other Assets	177,781,878	–	177,781,878
Total Assets	891,673,500	1,927,406	893,600,906
Deferred Outflows of Resources	32,459,886	–	32,459,886
Liabilities			
Current Liabilities	37,151,599	67,389	37,218,988
Long-Term Liabilities	617,243,575	–	617,243,575
Liabilities from Restricted Assets	10,311,684	–	10,311,684
Pollution Remediation Obligation	11,000	–	11,000
Total Liabilities	664,717,858	67,389	664,785,247
Deferred Inflows of Resources	5,602,988	–	5,602,988
Net Position, as Restated			
Net Investment in Capital Assets	84,089,939	–	84,089,939
Restricted	128,206,909	1,860,017	130,066,926
Unrestricted	41,515,692	–	41,515,692
Total Net Position	$ 253,812,540	$ 1,860,017	$ 255,672,557

Condensed Statement of Revenues, Expenses, and Changes in Net Position May 31, 2023

	The Authority	The Watershed Fund	Combined Financial Statements
Operating Revenues			
Water Revenues:			
Residential and Commercial	$ 107,775,568	$ –	$ 107,775,568
Industrial	2,430,726	–	2,430,726
Fire Protection	13,017,484	–	13,017,484
Public Authority	3,400,775	–	3,400,775
Wholesale	1,121,050	–	1,121,050
Other Water Revenues	4,104,811	–	4,104,811
Other Revenues	12,508,153	–	12,508,153
Total Operating Revenues	144,358,567	–	144,358,567
Operating Expenses			
Operating and Maintenance	59,666,405	–	59,666,405
Depreciation and Amortization	24,500,127	–	24,500,127
Payments in Lieu of Taxes	8,518,415	–	8,518,415
Other Water Expenses	1,981,036	–	1,981,036
Cost of Other Revenue	6,671,622	–	6,671,622
Total Operating Expenses	101,337,605	–	101,337,605
Operating Income	43,020,962	–	43,020,962
Nonoperating Expense (Net)	(13,202,694)	(236,550)	(13,439,244)
Change in Net Position Before Capital Contributions	29,818,268	(236,550)	29,581,718
Capital Contributions	1,801,029	(20,000)	1,781,029
Change in Net Position	31,619,297	(256,550)	31,362,747
Net Position—Beginning of Year	253,812,540	1,860,017	255,672,557
Net Position – End of Year	$ 283,828,370	$ 1,603,467	$ 287,035,304

Condensed Statement of Revenues, Expenses, and Changes in Net Position May 31, 2022

	The Authority	The Watershed Fund	Combined Financial Statements
Operating Revenues			
Water Revenues:			
Residential and Commercial	$ 102,073,907	$ –	$ 102,073,907
Industrial	1,820,356	–	1,820,356
Fire Protection	12,601,488	–	12,601,488
Public Authority	3,069,634	–	3,069,634
Wholesale	871,762	–	871,762
Other Water Revenues	3,882,591	–	3,882,591
Other Revenues	10,839,004	–	10,839,004
Total Operating Revenues	135,158,742		135,158,742
Operating Expenses			
Operating and Maintenance	56,899,814	–	56,889,814
Depreciation and Amortization	23,293,601	–	23,293,601
Payments in Lieu of Taxes	8,553,885	–	8,553,885
Other Water Expenses	1,948,409	–	1,948,409
Cost of Other Revenue	5,319,657	–	5,319,657
Total Operating Expenses	96,015,366	–	96,015,366

This table continued at the top of next page.

Condensed Statement of Revenues, Expenses, and Changes in Net Position May 31, 2022 (Continued)

	The Authority	The Watershed Fund	Combined Financial Statements
Operating Income	39,143,376	–	39,143,376
Nonoperating Expense (Net)	(19,982,562)	(309,643)	(20,292,205)
Change in Net Position Before Capital Contributions	19,160,814	(309,643)	18,851,171
Capital Contributions	1,437,717	–	1,437,717
Change in Net Position	20,598,531	(309,643)	20,288,888
Net Position – Beginning of Year	233,214,009	2,169,660	235,383,669
Net Position – End of Year, as Restated	$ 251,952,523	$ 1,860,017	$ 255,672,557

Condensed Statements of Cash Flows – May 31, 2023

	The Authority	The Watershed Fund	Combined Financial Statements
Cash Flows from Operating Activities	$ 66,920,224	$ (154,202)	$ 66,766,022
Cash Flows from Investing Activities	23,076,825	19,163	23,095,988
Cash Flows from Capital and Related Financing Activities	(85,773,469)	–	(85,773,469)
Net Increase in Cash and Cash Equivalents	4,223,580	(135,039)	4,088,541
Cash and Cash Equivalents– Beginning of Year	35,239,861	140,228	35,380,089
Cash and Cash Equivalents – End of Year	$ 39,463,441	$ 5,189	$ 39,468,630

Condensed Statements of Cash Flows – May 31, 2022

	The Authority	The Watershed Fund	Combined Financial Statements
Cash Flows from Operating Activities	$ 69,087,982	$ (99,575)	$ 68,988,407
Cash Flows from Investing Activities	(43,442,724)	137,730	(43,304,994)
Cash Flows from Capital and Related Financing Activities	(24,425,615)	–	(24,425,615)
Net Increase in Cash and Cash Equivalents	1,219,643	38,155	1,257,798
Cash and Cash Equivalents – Beginning of Year	34,020,218	102,073	34,122,291
Cash and Cash Equivalents – End of Year	$ 35,239,861	$ 140,228	$ 35,380,089

Note 18. Restatement

The financial statements as of May 31, 2022, have been restated to record the impact of GASB Statement No. 87, Leases. It was not practicable to restate the net position as of June 1, 2021. The impact of these restatements are as follows:

	Balance as Previously Reported at 5/31/2022	Restatement	Balance as Restated 5/31/2022
Assets	$ 891,509,295	$ 2,091,611	$ 893,600,906
Deferred Inflows of Resources	4,089,058	1,513,930	5,602,988
Liabilities	664,173,228	612,019	664,785,247
Net Position as of May 31, 2022	255,706,895	(34,338)	255,672,557
Change in Net Position as of May 31, 2022	20,323,226	(34,338)	20,288,888

RSI-1A SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST NINE FISCAL YEARS*

SALARIED PLAN	2015	2016	2017	2018
Total Pension Liability:				
Service Cost	$ 675,452	$ 681,501	$ 656,669	$ 748,940
Interest	2,611,307	2,930,309	2,930,761	2,925,239
Differences Between Expected and Actual Experience	714,740	592,405	979,655	166,471
Changes in Assumptions	3,703,809	494,742	(2,323,594)	(204,280)
Changes in Benefit Terms	–	–	10,131	–
Benefit Payments, Including Refunds of Member Contributions	(2,096,472)	(2,707,621)	(2,992,795)	(2,462,467)
Other	–	–	–	–
Net Change in Total Pension Liability	5,608,836	1,991,336	(739,173)	1,173,903
Total Pension Liability – Beginning	36,242,146	41,850,982	43,842,318	43,103,145
Total Pension Liability – Ending	41,850,982	43,842,318	43,103,145	44,277,048
Plan Fiduciary Net Position:				
Contributions – Employer	2,689,635	4,385,524	5,001,252	4,341,521
Contributions – Member	15,624	14,693	10,810	10,918
Net Investment Income (Loss)	712,038	(287,080)	2,810,914	2,372,221
Benefit Payments, Including Refunds of Member Contributions	(2,096,472)	(2,707,621)	(2,992,795)	(2,462,467)
Administrative Expense	(30,552)	(133,601)	(136,687)	(165,402)
Other	–	(61,573)	87,206	11,846
Net Change in Plan Fiduciary Net Position	1,290,273	1,210,342	4,780,700	4,108,637
Plan Fiduciary Net Position – Beginning	21,409,511	22,699,784	23,910,126	28,690,826
Plan Fiduciary Net Position – Ending	22,699,784	23,910,126	28,690,826	32,799,463
Net Pension Liability – Ending	$ 19,151,198	$ 19,932,192	$ 14,412,319	$ 11,477,585
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.24%	54.54%	66.56%	74.08%
Covered Payroll	$ 8,694,151	$ 8,590,395	$ 9,290,589	$ 9,475,823
Net Pension Liability as a Percentage of Covered Payroll	220.28%	232.03%	155.13%	121.12%

***Note:** This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

2019	2020	2021	2022	2023
$ 729,789	$ 606,804	$ 507,879	$ 519,885	$ 503,924
2.997,121	3,178,341	3,311,644	3,356,740	3,469,492
1,923,819	1,090,249	808,104	1,098,396	(555,409)
(86,868)	279,005	914,472	83,789	–
140,281	–	236,540	–	–
(2,868,597)	(3,056,951)	(3,194,284)	(3,360,544)	(3,188,042)
(11,600)	–	–	–	–
2,823,945	2,097,448	2,584,355	1,698,266	229,965
44,277,048	47,100,993	49,198,441	51,782,796	53,481,062
47,100,993	49,198,441	51,782,796	53,481,062	53,711,027
3,897,275	3,301,077	3,110,873	3,124,817	3,620,498
8,287	5,079	4,865	5,721	966
852,590	1,679,215	8,657,377	(2,179,281)	(70,953)
(2,868,597)	(3,056,951)	(3,194,284)	(3,360,544)	(3,188,042)
(168,432)	(173,577)	(194,562)	(210,893)	(206,201)
(23,335)	11,129	(614)	25,446	(13,668)
1,697,788	1,765,972	8,383,655	(2,594,734)	142,600
32,799,463	34,497,251	36,263,223	44,646,878	42,052,144
34,497,251	36,263,223	44,646,878	42,052,144	42,194,744
$ 12,603,742	$ 12,935,218	$ 7,135,918	$ 11,428,918	$ 11,516,283
73.24%	73.71%	86.22%	78.63%	78.56%
$ 9,160,530	$ 8,465,818	$ 7,388,009	$ 7,236,172	$ 7,574,236
137.59%	152.79%	96.59%	157.94%	152.05%

RSI-1B SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST NINE FISCAL YEARS*

BARGAINING UNIT PLAN	2015	2016	2017	2018
Total Pension Liability:				
Service Cost	$ 171,017	$ 166,226	$ 155,949	$ 143,110
Interest	1,718,773	1,802,098	1,799,197	1,695,294
Differences Between Expected and Actual Experience	(311,677)	(110,990)	406,966	520,588
Changes in Assumptions	1,292,075	303,196	(2,610,404)	(242,533)
Changes in Benefits	–	120,432	83,206	–
Benefit Payments, Including Refunds of Member Contributions	(1,103,669)	(1,212,225)	(1,328,633)	(1,446,301)
Other	–	–	–	–
Net Change in Total Pension Liability	1,766,519	1,068,737	(1,493,719)	670,158
Total Pension Liability – Beginning	23,808,747	25,575,266	26,644,003	25,150,284
Total Pension Liability – Ending	25,575,266	26,644,003	25,150,284	25,820,442
Plan Fiduciary Net Position:				
Contributions – Employer	1,708,765	2,212,476	2,175,166	1,519,216
Contributions – Member	–	–	–	–
Net Investment Income (Loss)	374,669	(198,733)	2,021,684	1,656,511
Benefit Payments, Including Refunds of Member Contributions	(1,103,669)	(1,212,225)	(1,328,633)	(1,446,301)
Administrative Expense	(23,872)	(98,084)	(101,257)	(123,799)
Other	–	(24,768)	46,960	10,270
Net Change in Plan Fiduciary Net Position	955,893	678,666	2,813,920	1,615,897
Plan Fiduciary Net Position – Beginning	15,599,877	16,555,770	17,234,436	20,048,356
Plan Fiduciary Net Position – Ending	16,555,770	17,234,436	20,048,356	21,664,253
Net Pension Liability – Ending	$ 9,019,496	$ 9,409,567	$ 5,101,928	$ 4,156,189
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.73%	64.68%	79.71%	83.90%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

***Note:** This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

	2019	2020	2021	2022	2023
	$ 129,285	$ 120,416	$ 125,901	$ 129,241	$ 112,296
	1,745,484	1,766,348	1,935,401	1,942,609	1,985,848
	(41,862)	277,635	4,344	131,988	560,843
	(50,037)	1,533,894	528,267	61,809	–
	207,281	175,513	187,272	194,495	–
	(1,611,414)	(1,469,406)	(1,676,840)	(1,726,421)	(1,863,195)
	(9,505)	–	–	–	–
	369,232	2,404,400	1,104,345	733,721	795,792
	25,820,442	26,189,674	28,594,074	29,698,419	30,432,140
	26,189,674	28,594,074	29,698,419	30,432,140	31,227,932
	1,239,632	1,314,032	1,154,931	1,229,525	1,556,441
	–	–	450	–	–
	508,851	1,042,147	5,370,416	(1,316,436)	(30,364)
	(1,611,414)	(1,469,406)	(1,676,840)	(1,726,421)	(1,863,195)
	(111,091)	(108,698)	(125,230)	(128,392)	(117,849)
	(19,010)	8,727	848	18,815	(9,558)
	6,968	786,802	4,724,575	(1,922,909)	(464,525)
	21,664,253	21,671,221	22,458,023	27,182,598	25,259,689
	21,671,221	22,458,023	27,182,598	25,259,689	24,795,164
	$ 4,518,453	$ 6,136,051	$ 2,515,821	$ 5,172,451	6,432,768
	82.75%	78.54%	91.53%	83.00%	79.40%
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A

RSI-2A SCHEDULE OF EMPLOYER CONTRIBUTIONS — PENSION SALARIED PLAN LAST TEN FISCAL YEARS

SALARIED PLAN		2014		2015		2016		2017		2018
Actuarially Determined Contribution	$	2,329,754	$	2,689,635	$	2,749,435	$	3,356,514	$	2,648,702
Contributions in Relation to the Actuarially Determined Contribution		2,329,754		2,689,635		4,385,524		5,001,252		4,341,521
Contribution Excess	$	–	$	–	$	(1,636,089)	$	(1,644,738)	$	(1,692,819)
Covered Payroll	$	9,254,742	$	8,694,151	$	8,590,395	$	9,290,589	$	9,475,823
Contributions as a Percentage of Covered Payroll		25.17%		30.94%		51.05%		53.83%		45.82%

SALARIED PLAN		2019		2020		2021		2022		2023
Actuarially Determined Contribution	$	2,379,603	$	2,390,534	$	2,089,386	$	2,142,513	$	1,924,696
Contributions in Relation to the Actuarially Determined Contribution		3,897,275		3,301,077		3,110,873		3,124,817		3,620,498
Contribution Excess	$	(1,517,672)	$	(910,543)	$	(1,021,487)	$	(982,304)	$	(1,695,802)
Covered Payroll	$	9,160,530	$	8,465,818	$	7,388,009	$	7,236,172	$	7,574,236
Contributions as a Percentage of Covered Payroll		42.54%		38.99%		42.11%		43.18%		47.80%

Notes to Schedule:

Valuation Date: January 1, 2023

Measurement Date: May 31, 2023

Calculated as the normal cost as of January 1, prior to the beginning of the fiscal year in which contributions are reported, increased with a half year of interest.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Aggregate Actuarial Cost Method

Normal Cost: Computed in the aggregate equal to the excess of the actuarial present value of future benefits less the actuarial value of assets divided by a temporary annuity. The temporary annuity equals the actuarial present value of future compensation divided by the current compensation of active participants who have not attained their assumed retirement age.

Asset Valuation Method: An actuarial smoothing method based on market value of assets plus 75% of expected returns

Inflation: 3.00%

Salary Increases: 4.00%

Investment Rate of Return: 6.75%, Net of Pension Plan Investment Expense, Including Inflation

Retirement Age:

Age	Rate
55-59	5%
60-64	10%
65-69	20%
70	100%

Rule of 80 Retirement Rates:

55-60	8%
61-70	8%

Mortality: In the 2023 actuarial valuation, assumed life expectancies were calculated using the PubG.2010 Above Median Employee, Healthy Annuitant and Disabled Retiree (Male/Female) with MP-2021 generational mortality improvement.

RSI-2B PENSION BARGAINING UNIT PLAN LAST TEN FISCAL YEARS		2014		2015		2016		2017		2018
Actuarially Determined Contribution	$	1,454,957	$	1,708,765	$	1,707,164	$	1,815,386	$	1,126,333
Contributions in Relation to the Actuarially Determined Contribution		1,454,957		1,708,765		2,212,476		2,175,166		1,519,216
Contribution Excess	$	–	$	–	$	(505,312)	$	(359,780)	$	(392,883)
Covered Payroll		N/A		N/A		N/A		N/A		N/A
Contributions as a Percentage of Covered Payroll		N/A		N/A		N/A		N/A		N/A

BARGAINING UNIT PLAN		2019		2020		2021		2022		2023
Actuarially Determined Contribution	$	918,295	$	840,922	$	1,081,857	$	1,077,926	$	912,974
Contributions in Relation to the Actuarially Determined Contribution		1,239,632		1,314,032		1,154,931		1,229,525		1,556,441
Contribution Excess	$	(321,337)	$	(473,110)	$	(73,074)	$	(151,599)	$	(643,467)
Covered Payroll		N/A		N/A		N/A		N/A		N/A
Contributions as a Percentage of Covered Payroll		N/A		N/A		N/A		N/A		N/A

Notes to Schedule on Next Page

Notes to Schedule:

Valuation Date: January 1, 2023

Measurement Date: May 31, 2023

Calculated as the normal cost as of January 1 prior to the beginning of the fiscal year in which contributions are reported, increased with a half year of interest.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Aggregate actuarial cost method

Normal Cost: Computed in the aggregate equal to the excess of the actuarial present value of future benefits less the actuarial value of assets divided by a temporary annuity. The temporary annuity equals the actuarial present value of future compensation divided by the current compensation of active participants who have not attained their assumed retirement age.

Asset Valuation Method: An actuarial smoothing method based on market value of assets plus 75% of expected returns

Inflation: 3.00%

Salary Increases: N/A

Investment Rate of Return: 6.75%, Net of Pension Plan Investment Expense, Including Inflation

Retirement Age:

Age	Rate
55-64	2%
65-69	20%
70	100%

Rule of 80 Retirement Rates:

55-60	9%
61-70	9%

Mortality: In the 2023 actuarial valuation, assumed life expectancies were calculated using the PubG.2010 Total Employee, Healthy Annuitant and Disabled Retiree (Male/Female) with MP-2021 generational mortality improvement.

RSI-3 SCHEDULE OF INVESTMENT RETURNS – PENSION LAST NINE FISCAL YEARS*

SALARIED PLAN	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.28%	(1.22)%	11.29%	8.03%	2.59%	4.86%	23.96%	(4.90)%	(0.17)%

BARGAINING UNIT PLAN	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.36%	(1.17)%	11.47%	8.32%	2.41%	4.84%	24.26%	(4.90)%	(0.12)%

***Note:** This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

RSI-4 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS LAST SIX FISCAL YEARS*

	2018	2019	2020	2021	2022	2023
Total OPEB Liability:						
Service Cost	$ 248,822	$ 269,556	$ 237,267	$ 221,700	$ 201,622	$ 193,996
Interest	1,939,224	2,004,070	1,820,624	1,737,439	1,763,676	1,697,088
Differences Between Expected and Actual Experience	981,536	(4,053,660)	(1,439,393)	(862,322)	(1,108,387)	(2,124,593)
Changes in Assumptions	(139,795)	620,017	(1,813)	1,932,640	(266,012)	431,098
Benefit Payments, Including Refunds of Member Contributions	(2,060,052)	(1,749,662)	(1,988,168)	(1,818,909)	(1,815,778)	(1,711,375)
Contributions – Retiree	–	197,813	213,385	209,092	207,483	220,215
Net Change in Total OPEB Liability	969,735	(2,711,866)	(1,158,098)	1,419,640	(1,017,396)	(1,293,571)
Total OPEB Liability – Beginning	28,766,745	29,736,480	27,024,614	25,866,516	27,286,156	26,268,760
Total OPEB Liability – Ending	29,736,480	27,024,614	25,866,516	27,286,156	26,268,760	24,975,189
Plan Fiduciary Net Position:						
Contributions – Employer	2,289,292	2,310,104	2,027,798	1,855,418	1,734,198	1,737,894
Contributions – Retiree	187,448	197,813	213,385	209,092	207,483	220,215
Net Investment Income	441,966	189,085	310,380	1,788,634	(500,640)	(35,715)
Benefit Payments, Including Refunds of Member Contributions	(2,060,052)	(1,749,662)	(1,988,168)	(1,818,909)	(1,815,778)	(1,711,375)
Administrative Expense	(35,081)	(37,451)	(35,761)	(42,645)	(46,975)	(44,553)
Net Change in Plan Fiduciary Net Position	823,573	909,889	527,634	1,991,590	(421,712)	166,466
Plan Fiduciary Net Position – Beginning	5,260,881	6,084,454	6,994,343	7,521,977	9,513,567	9,091,855
Plan Fiduciary Net Position – Ending	6,084,454	6,994,343	7,521,977	9,513,567	9,091,855	9,258,321
Net OPEB Liability – Ending	$ 23,652,026	$ 20,030,271	$ 18,344,539	$ 17,772,589	$ 17,176,905	$ 15,716,868
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.46%	25.88%	29.08%	34.87%	34.61%	37.07%
Covered Payroll**	$ 23,217,114	$ 23,941,245	$ 24,118,465	$ 23,405,010	$ 25,767,991	$ 24,864,685
Net OPEB Liability as a Percentage of Covered Payroll	101.87%	83.66%	76.06%	75.93%	66.66%	63.21%

***Note:** This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**See RSI-5 for covered payroll associated with death benefit only participants.

RSI-5 SCHEDULE OF PLAN EMPLOYER CONTRIBUTIONS – OPEB LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018
Actuarially Determined Contribution (1)	$ 2,727,659	$ 2,604,191	$ 2,506,691	$ 2,486,586	$ 2,143,071
Contributions in Relation to the Actuarially Determined Contribution	2,266,000(2)	2,398,800(3)	2,290,882(3)	2,301,583(3)	2,289,292(3)
Contribution Deficiency (Excess)	$ 461,659	$ 205,391	$ 215,809	$ 185,003	$ (146,221)
Covered Payroll	N/A	N/A	N/A	N/A	$ 23,217,114(4)
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	9.86%

	2019	2020	2021	2022	2023
Actuarially Determined Contribution (1)	$ 2,175,583	$ 1,851,431	$ 1,662,556	1,598,057	1,543,626
Contributions in Relation to the Actuarially Determined Contribution	2,310,104(3)	2,027,798(3)	1,855,418(3)	1,734,198(3)	1,737,894
Contribution Deficiency (Excess)	$ (134,521)	$ (176,367)	$ (192,862)	(136,141)	(194,268)
Covered Payroll	$ 23,941,245(5)	$ 24,118,465(6)	$ 23,405,010(7)	$ 25,767,991(8)	$ 24,864,685(9)
Contributions as a Percentage of Covered Payroll	9.65%	8.41%	7.93%	6.73%	6.99%

(1) Actuarially determined contributions prior to fiscal year ended May 31, 2018, are based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.
(2) The Authority amortized $263,603 of the OPEB asset toward the ARC.
(3) Contributions are the actuarial recommended cash contributions.
(4) Includes covered payroll of $7,250,466 associated with death benefit only participants.
(5) Includes covered payroll of $8,599,668 associated with death benefit only participants.
(6) Includes covered payroll of $10,883,465 associated with death benefit only participants.
(7) Includes covered payroll of $10,473,676 associated with death benefit only participants.
(8) Includes covered payroll of $12,310,635 associated with death benefit only participants.
(9) Includes covered payroll of $12,247,686 associated with death benefit only participants.

Notes to Schedule:

Valuation Date: January 1, 2023

Measurement Date: May 31, 2023

Calculated as the normal cost as of January 1, prior to the beginning of the fiscal year in which contributions are reported, increased with a half year of interest.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age Actuarial Cost Method

Amortization Method: Fair Market Value of Assets as of the Measurement Date

Salary Scale: 4.0%

Investment Rate of Return: 6.75%, net of OPEB plan investment expense, including inflation

Retirement Age: Retirement eligibility is (a) age 65 with 10 years of service or (b) 80 points (age plus service) with at least 10 years of service. Pre-age 65 retirements based on percentages.

Mortality: In the 2023 actuarial valuation, assumed life expectancies were calculated using the 2010 Public Sector Retirement Plans Mortality table for above average salary general employee populations with MP-2021 mortality improvement.

RSI-6 SCHEDULE OF INVESTMENT RETURNS – OPEB LAST SIX FISCAL YEARS*

	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.11%	2.93%	4.37%	23.46%	(5.24)%	(0.39)%

***Note:** This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

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General Counsel:
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Hartford, CT

Office of Consumer Affairs:
Jeffrey M. Donofrio
North Haven, CT

Regional Water Authority Statistics — May 31, 2023

	Estimated Population Served	RPB Votes	Miles of Main	Customers[A]	Hydrants	Landholdings (Acres)[C]	Conservation Easements (Acres)[C]	Miles of Recreation Trails[C]	Miles of Fishing Areas[C]
Ansonia	18,074	3	71	5,439	451	96	—	—	—
Beacon Falls	—	—	—	—	—	22	—	—	—
Bethany	10	5	1	6	2	3,947	22	15	3
Branford	28,022	6	143	8,669	776	1,174	35	6	3
Cheshire	23,942	4	155	6,870	1,203	149	318	—	—
Derby	10,821	2	41	3,249	279	2	—	—	—
Durham[B]	—	—	—	—	—	250	11	1	—
East Haven	27,804	6	113	8,569	555	860	—	4	—
Guilford	—	4	—	1	—	3,295	—	10	—
Haddam[B]	—	—	—	—	—	104	—	—	—
Hamden	54,565	10	216	15,078	1,060	1,321	288	1	4
Killingworth	—	2	—	—	—	1,381	65	3	—
Madison	—	6	—	—	—	4,716	24	16	2
Milford	52,019	10	242	18,363	1,442	4	—	—	—
New Haven	123,746	13	264	22,716	1,988	24	—	—	—
North Branford	5,143	8	44	1,564	245	6,069	82	8	1
North Haven	21,394	5	150	7,981	789	54	—	—	—
Orange	10,989	3	103	4,072	555	584	—	3	1
Prospect	—	1	—	—	1	866	—	2	—
Seymour	803	1	7	333	23	706	—	2	—
West Haven	51,860	8	151	13,429	858	275	—	3	2
Wolcott[B]	—	—	3	—	24	1	—	—	—
Woodbridge	1,409	3	18	479	92	1,896	200	7	—
Governor's Representative		1							
Totals	430,601	101	1,722	116,818	10,343	27,796	1,045	81	16

A - Metered customers within district   B - Not within district   C - Calculated using GIS data

Cassie Schellhas, Lab Analyst, performs chemical laboratory analyses on hundreds of drinking water samples collected each year.

Ramon Cruz (left) and **John Waligroski,** both **Utility Techs** from our Construction & Distribution Department, preparing our new closed-loop water main cleaning equipment called NO-DES, an innovative method of cleaning mains with insignificant water loss, making it environmentally friendly.

Mark Kehlenbach, a **Utility Tech** in our Construction & Mains Department, at a job site in New Haven tamping a water line trench.

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