

**South Central Connecticut Regional Water Authority**

90 Sargent Drive, New Haven, Connecticut

or

Via Remote Access\*\*

**AGENDA**

**Regular Meeting of Thursday, September 28, 2023 at 12:30 p.m.**

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- A. Safety Moment
- B. Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.
- C. Meet as Audit-Risk Committee: C. LaMarr
  - 1. Approve Minutes – May 25, 2023 meeting
  - 2. Review FY 2023 Audit Results: D. Flint and G. Epstein - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered under Section 1-210(b)(5)(B) pertaining to financial information*
- D. Consent Agenda
  - 1. Approve Minutes – August 24, 2023 and September 5, 2023 meetings
  - 2. Capital Budget Authorization - October 2023
  - 3. Accounts Receivable Update – August 2023
  - 4. Key Performance Indicators – Q1 2024
  - 5. RPB Dashboard Report
- E. Finance: R. Kowalski
  - 1. Quarterly Financial Report
- F. RPB Committee assignments and reports on RPB Committee meetings
- G. Business Updates: L. Bingaman
  - 1. RWAY CIS Update: P. Singh
  - 2. Monthly Business Highlights: L. Bingaman
- H. \*CEO Contract - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(B) pertaining to personnel*
- I. Meet as Commercial Business Committee: K. Curseaden
  - 1. Approve Minutes – June 22, 2023 meeting
  - 2. Memorandum: Commercial Business update: S. Lakshminarayanan & R. Kowalski - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B) pertaining to commercial and financial information.*
  - 3. Acquisition update: S. Lakshminarayanan & R. Kowalski - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B) pertaining to commercial and financial information.*
- J. Act on matters arising from committee meetings

<p>** Members of the public may attend the meeting in person or via conference call. For information on attending the meeting and to view meeting documents, please visit <a href="https://tinyurl.com/ysu5fy3e">https://tinyurl.com/ysu5fy3e</a>. For questions, contact the board office at <a href="mailto:jslubowski@rwater.com">jslubowski@rwater.com</a> or by calling 203-401-2515.</p>
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\*RPB member (A. Rescigno) will be excused at Item H

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

*(Including Audit-Risk Committee and Commercial Business Committee)*

90 SARGENT DRIVE, NEW HAVEN, CONNECTICUT

THURSDAY, SEPTEMBER 28, 2023 AT 12:30 P.M.

**REMOTE MEETING INSTRUCTIONS**

**Call in (*audio only*)**

[+1 469-965-2517](tel:+14699652517), [140483122#](tel:+14699652517) United States, Dallas

Phone Conference ID: 140 483 122#

Members of the public may join the meeting in person at address above or by conference call. To view meeting documents please visit <https://tinyurl.com/ysu5fy3e>. For questions on attending the meeting, contact the board office at 203-401-2515 or by email at [jslubowski@rwater.com](mailto:jslubowski@rwater.com).

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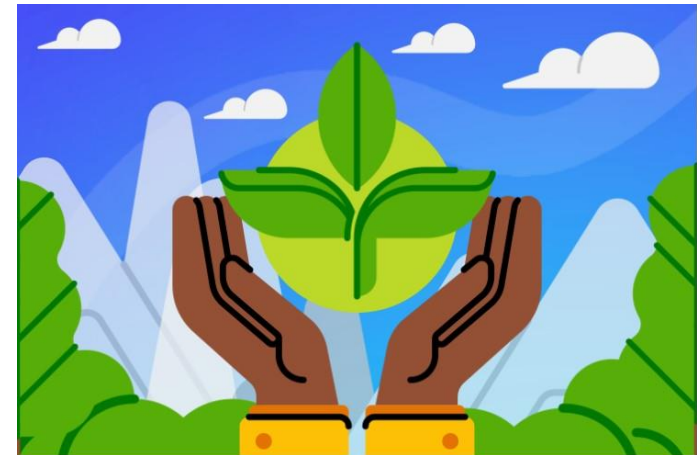
# SAFETY MOMENT

## ENVIRONMENTAL AWARENESS MONTH

Every September, environmental organizations around the Nation come together in recognition of Environmental Awareness Month, with a goal to raise awareness about environmental issues that need our attention, including global warming, pollution, and conservation.

**Here are some simple ways you can help raise awareness:**

1. Encourage the use of more sustainable transportation
2. Reuse old or discarded items to create a better product
3. Develop your local park
4. Put up recycling bins around your neighborhood
5. Start an online campaign for a specific environmental cause



**Tap**Into  
**Safety**



Regional Water Authority

Service – Teamwork – Accountability – Respect – Safety

Safety is a core company value at the Regional Water Authority .  
It is our goal to reduce workplace injuries to zero.

 Regional Water Authority

**South Central Connecticut Regional Water Authority  
Audit-Risk Committee**

**Minutes of the May 25, 2023 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority Audit-Risk Committee took place on Thursday, May 23, 2023, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chairwoman LaMarr presided.

**Present: Committee** – Messrs. Borowy, Curseaden, and Mss. LaMarr and Sack  
**Management** – Mss. Kowalski, Calo, Schenkle, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, Matharu, and Singh  
**RPB** – Mr. Jaser  
**Staff** – Mrs. Slubowski

The Chair called the meeting to order at 12:31 p.m.

On motion made by Mr. Borowy, seconded by Ms. Sack, and unanimously carried, the Committee approved the minutes of its meeting held on February 23, 2023, as presented.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

Ms. Kowalski, the RWA's Vice President and Chief Financial Officers, provided highlights of the Risk Management update, which included the identification of eight additional risks and mitigations, exceeding the RWA's goal of five for FY 2023. For FY 2024, she mentioned the focus will be on risk mitigation, improved redundancy and resiliency as the review of the risk register continues.

Ms. LaMarr raised the question of risks related to cybersecurity and phishing attempts due to an increase in Artificial Intelligence ("AI"). Ms. Kowalski and Mr. Singh, the RWA's Chief Information Digital Officer and Vice President of Customer Care, reported on four phishing exercises conducted within the organization in FY 2023, as well as worked with the Department of Homeland Security ("DHS") regarding a ransomware readiness assessment. Mr. Singh reported on a more recent assessment from the Environmental Protection Agency's Water Cyber Assessment Toolkit for water companies. The RWA completed the assessment and found that they did not have any threats. He noted that cyber is included each year of RWA's five-year capital plan.

Committee members discussed SCADA attacks and tabletop exercises to address threats to water, chemical levels, water quality, and manual operations.

Ms. Schenkle, the RWA's Manager of Environmental Health, Safety and Risk, discussed a prior business continuity plan tabletop exercise for SAP.

The committee reviewed its FY 2024 work plan.

At 12:47 p.m., on motion made by Mr. Borowy, seconded by Ms. Sack, and unanimously carried, the meeting adjourned.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

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Catherine E. LaMarr, Chairman

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2023 AND 2022**



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**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

Members  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

### Report on the Audit of the 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 twelve 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**

West Hartford, Connecticut  
September 12, 2023

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**FINANCIAL HIGHLIGHTS**

	<i>(In Thousands of Dollars)</i>		
	May 31,		
	2023	2022	2021
<b>SUMMARY: REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION</b>			
<b>OPERATING REVENUES</b>			
Water Revenues	\$ 131,850	\$ 124,320	\$ 124,885
Other	12,508	10,839	9,683
Total Operating Revenues	<u>144,358</u>	<u>135,159</u>	<u>134,568</u>
<b>OPERATING EXPENSES</b>			
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	<u>101,337</u>	<u>96,015</u>	<u>92,449</u>
<b>OPERATING INCOME</b>	43,021	39,144	42,119
<b>NONOPERATING INCOME AND EXPENSES</b>			
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	<u>(13,439)</u>	<u>(20,293)</u>	<u>(19,214)</u>
Income Before Contributions	29,582	18,851	22,905
Capital Contributions	<u>1,781</u>	<u>1,438</u>	<u>2,310</u>
<b>CHANGE IN NET POSITION, AS RESTATED</b>	<u>\$ 31,363</u>	<u>\$ 20,289</u>	<u>\$ 25,215</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**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 temporarily 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

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 36<sup>th</sup> 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 thousand dollars, 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



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED MAY 31, 2023 AND 2022**

(In Thousands of Dollars)

	May 31,		
	2023	2022	2021
<b>SUMMARY: NET POSITION</b>			
<b>ASSETS</b>			
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	<u>900,019</u>	<u>893,601</u>	<u>847,703</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
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	<u>33,320</u>	<u>32,460</u>	<u>33,421</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 933,339</u>	 <u>\$ 926,061</u>	 <u>\$ 881,124</u>
<b>LIABILITIES</b>			
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	<u>639,898</u>	<u>664,785</u>	<u>634,514</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
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	<u>6,406</u>	<u>5,603</u>	<u>11,226</u>
<b>NET POSITION, AS RESTATED</b>			
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	<u>287,035</u>	<u>255,673</u>	<u>235,384</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 933,339</u>	 <u>\$ 926,061</u>	 <u>\$ 881,124</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**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) 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

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 thousand.

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 out receivable associated with the land sale due to an early pay-off 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, \$4.2million 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

Between May 31, 2022 and May 31, 2021, deferred outflows decreased by approximately \$1.0 million, this is primarily due to a decreased 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 increase of \$.2 million in accounts payable for construction, 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 thousand 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 \$34 thousand 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 thousand 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 36<sup>th</sup> Series partially offset by amortizations. There was a decrease of \$1.3 million for DWSRF loans payable, less current portion.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**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, attributing 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 health care 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 health care 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**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 36<sup>th</sup> 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2023 AND 2022**

**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.



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Utility Plant:		
Depreciable Property, Plant, and Equipment in Service	\$ 958,913,515	\$ 940,266,109
Accumulated Depreciation and Amortization	<u>(425,876,522)</u>	<u>(403,917,364)</u>
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	<u>818,669</u>	<u>884,618</u>
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	<u>3,826,878</u>	<u>3,770,714</u>
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	<u>9,345,702</u>	<u>9,647,482</u>
 Total Assets	 900,019,129	 893,600,906
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
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	<u>2,217,948</u>	<u>1,977,949</u>
Total Deferred Outflows of Resources	33,320,081	32,459,886

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
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	<u>589,816,573</u>	<u>617,243,575</u>
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	<u>38,853,065</u>	<u>37,218,988</u>
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	<u>11,228,460</u>	<u>10,311,684</u>
Pollution Remediation Obligation	<u>-</u>	<u>11,000</u>
Total Liabilities	<u>639,898,098</u>	<u>664,785,247</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
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	<u>6,405,808</u>	<u>5,602,988</u>
<b>NET POSITION, AS RESTATED</b>		
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	<u>46,499,102</u>	<u>41,515,692</u>
Total Net Position, as Restated	<u><u>\$ 287,035,304</u></u>	<u><u>\$ 255,672,557</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
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	<u>12,508,153</u>	<u>10,839,004</u>
Total Operating Revenues	<u>144,358,567</u>	<u>135,158,742</u>
<b>OPERATING EXPENSES</b>		
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	<u>6,671,622</u>	<u>5,319,657</u>
Total Operating Expenses	<u>101,337,605</u>	<u>96,015,366</u>
<b>OPERATING INCOME</b>	43,020,962	39,143,376
<b>NONOPERATING INCOME (EXPENSE)</b>		
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	<u>(236,550)</u>	<u>(309,643)</u>
Total Nonoperating Expense	<u>(13,439,244)</u>	<u>(20,292,205)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	29,581,718	18,851,171
Capital Contributions	<u>1,781,029</u>	<u>1,437,717</u>
<b>CHANGE IN NET POSITION</b>	31,362,747	20,288,888
Net Position - Beginning of Year	<u>255,672,557</u>	<u>235,383,669</u>
<b>NET POSITION - END OF YEAR, AS RESTATED</b>	<u><u>\$ 287,035,304</u></u>	<u><u>\$ 255,672,557</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	<u>66,766,022</u>	<u>68,988,407</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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 Investing Activities	<u>23,095,988</u>	<u>(43,304,994)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
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	<u>(85,773,469)</u>	<u>(24,425,615)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,088,541	1,257,798
Cash and Cash Equivalents - Beginning of Year	<u>35,380,089</u>	<u>34,122,291</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 39,468,630</u></u>	<u><u>\$ 35,380,089</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
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	<u>23,745,060</u>	<u>29,845,031</u>
Net Cash Provided by Operating Activities	<u><u>\$ 66,766,022</u></u>	<u><u>\$ 68,988,407</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF FIDUCIARY NET POSITION –**  
**PENSION TRUST FUND**  
**MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
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	<u>66,989,908</u>	<u>67,311,833</u>
<b>NET POSITION</b>		
Restricted for Pension Benefits	<u>\$ 66,989,908</u>	<u>\$ 67,311,833</u>

*See accompanying Notes to Financial Statements.*

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION –  
PENSION TRUST FUND  
YEARS ENDED MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 5,176,939	\$ 4,354,342
Employees	966	5,721
Total Contributions	<u>5,177,905</u>	<u>4,360,063</u>
Investment Earnings (Loss):		
Net Decrease in the Fair Value of Investments	(2,265,882)	(6,008,225)
Investment Earnings	<u>2,164,565</u>	<u>2,512,508</u>
Net Investment Earnings (Loss)	<u>(101,317)</u>	<u>(3,495,717)</u>
Total Additions	5,076,588	864,346
<b>DEDUCTIONS</b>		
Benefits	5,051,237	5,086,965
Expenses	324,050	339,285
Other	<u>23,226</u>	<u>(44,261)</u>
Total Deductions	<u>5,398,513</u>	<u>5,381,989</u>
<b>CHANGE IN NET POSITION</b>	(321,925)	(4,517,643)
Net Position - Beginning of Year	<u>67,311,833</u>	<u>71,829,476</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 66,989,908</u></u>	<u><u>\$ 67,311,833</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
STATEMENTS OF FIDUCIARY NET POSITION –  
RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND  
MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 546,804	\$ 411,798
Investments:		
U.S. Government Securities	49,912	-
Mutual Funds	<u>8,661,605</u>	<u>8,680,057</u>
Total Assets	<u>9,258,321</u>	<u>9,091,855</u>
<b>NET POSITION</b>		
Restricted for Retiree Benefits	<u><u>\$ 9,258,321</u></u>	<u><u>\$ 9,091,855</u></u>

*See accompanying Notes to Financial Statements.*



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION –  
RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND  
YEARS ENDED MAY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,737,894	\$ 1,734,198
Retirees	<u>220,215</u>	<u>207,483</u>
Total Contributions	<u>1,958,109</u>	<u>1,941,681</u>
Investment Earnings (Loss):		
Net Decrease in the Fair Value of Investments	(320,184)	(837,062)
Investment Earnings	<u>284,469</u>	<u>336,422</u>
Net Investment Earnings (Loss)	<u>(35,715)</u>	<u>(500,640)</u>
Total Additions	1,922,394	1,441,041
<b>DEDUCTIONS</b>		
Benefits	1,711,375	1,815,778
Expenses	<u>44,553</u>	<u>46,975</u>
Total Deductions	<u>1,755,928</u>	<u>1,862,753</u>
<b>CHANGE IN NET POSITION</b>	166,466	(421,712)
Net Position - Beginning of Year	<u>9,091,855</u>	<u>9,513,567</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 9,258,321</u></u>	<u><u>\$ 9,091,855</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**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 standalone 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION (CONTINUED)**

**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 primary 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 ratemaking 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 5, Restricted Assets.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Bonds 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension 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.



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**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	<u>7,809,514</u>
Total Amount Subject to Custodial Risk	<u><u>\$ 8,668,951</u></u>

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	<u>4,173,928</u>
Total Amount Subject to Custodial Risk	<u><u>\$ 4,780,985</u></u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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 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	\$ 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		<u>\$ 85,338,757</u>			

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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:

	Total	Fair Value Measurements Using:		
		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	<u>\$ 90,875,264</u>	<u>\$ 62,126,741</u>	<u>\$ 28,748,523</u>	<u>\$ -</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Fair Value (Continued)**

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

	Total	Fair Value Measurements Using:		
		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	<u>\$ 85,338,757</u>	<u>\$ 63,519,054</u>	<u>\$ 21,819,703</u>	<u>\$ -</u>

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Additions	Transfers	Adjustment 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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

	Beginning Balance as Restated*	Additions	Transfers	Adjustment 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 17.

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 5 LEASE RECEIVABLES (CONTINUED)**

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

<u>Year Ending May 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 1,359,662</u>	<u>\$ 722,735</u>	<u>\$ 2,082,397</u>

**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.



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2023 AND 2022**

**NOTE 6 RESTRICTED ASSETS (CONTINUED)**

**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 Sub-account and a Surplus Sub-account. 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 Sub-account 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 Sub-account 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 Sub-account to the Revenue Fund, but only if each of the other funds are funded at or above their respective requirements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 RESTRICTED ASSETS (CONTINUED)**

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	<u>\$ 151,632,814</u>	<u>\$ 166,243,979</u>

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 towards 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**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	<u>\$ 640,116,729</u>	<u>\$ 2,827,715</u>	<u>\$ (29,076,343)</u>	<u>\$ 613,868,101</u>	<u>\$ 24,051,528</u>

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	<u>\$ 611,975,109</u>	<u>\$ 79,709,740</u>	<u>\$ (51,568,120)</u>	<u>\$ 640,116,729</u>	<u>\$ 22,873,154</u>

\* The beginning balance was restated due to the implementation of GASB Statement No. 87, Leases. See Note 17.

**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 moneys 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

**Revenue Bonds Payable (Continued)**

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	4.00%	3,750,000
Thirty-sixth A-2 (Green Bonds)	2022	2051	3,430,000	4.00%	3,430,000
Thirty-sixth B-1 (Refunding Bonds)	2022	2029	17,385,000	4.000%-5.000%	17,385,000
Total					<u>\$ 511,930,000</u>

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	4.00%	3,750,000
Thirty-sixth A-2 (Green Bonds)	2022	2051	3,430,000	4.00%	3,430,000
Thirty-sixth B-1 (Refunding Bonds)	2022	2029	17,385,000	4.000%-5.000%	17,385,000
Total					<u>\$ 533,405,000</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

**Revenue Bonds Payable (Continued)**

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 thousand dollars and \$657 thousand dollars for the fiscal years ended May 31, 2023 and 2022, respectively.

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

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>
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
2049-2053	11,245,000	759,823
Total	<u>\$ 511,930,000</u>	<u>\$ 214,934,141</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

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:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Totals	<u>\$ 529,746</u>	<u>\$ 42,877</u>	<u>\$ 572,623</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

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	<u>\$ 515,878</u>	<u>\$ 606,838</u>

**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. \$1.0 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

**Defeasance of Long-Term Debt (Continued)**

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-six 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*.



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

**Drinking Water Loans Payable – Direct Borrowing (Continued)**

Long-term loan obligations mature as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>
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	<u>\$ 25,448,153</u>	<u>\$ 4,244,403</u>

The state may terminate the obligation to make the Project Loan, with 60 days written notice, if the state determines that such terminations 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 draw down 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 draw down note was issued and \$50,500 was drawn. This note matured in April 2022 and \$50,500 was drawn. This note was re-issued 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	<u>\$ 50,500</u>

**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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 POLLUTION REMEDIATION OBLIGATION – NEWHALL STREET PROPERTY, HAMDEN  
(CONTINUED)**

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 “hotspots” 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 hotspot on the HMS site could be demonstrated through a combination of statistical methods and land use restrictions, and that active remediation of the VOC hotspot, 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 hotspot 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 re-developing 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 POLLUTION REMEDIATION OBLIGATION – NEWHALL STREET PROPERTY, HAMDEN  
(CONTINUED)**

**Alternative Cleanup Criteria Submittal (Continued)**

**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 land-owners 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.

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**NOTE 10 POLLUTION REMEDIATION OBLIGATION – NEWHALL STREET PROPERTY, HAMDEN  
(CONTINUED)**

**Alternative Cleanup Criteria Submittal (Continued)**

**Post-Remediation Monitoring and Closure (Continued)**

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**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 cancellable 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 of convenience fee of \$1.5 million. Additionally, a 2<sup>nd</sup> 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**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	<u>\$ 3,242,335</u>	<u>\$ (5,745,011)</u>	<u>\$ 5,438,281</u>	<u>\$ 2,935,605</u>

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	<u>\$ 3,377,286</u>	<u>\$ (5,995,215)</u>	<u>\$ 5,860,264</u>	<u>\$ 3,242,335</u>

**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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Plan Description (Continued)**

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	<u>308</u>	<u>220</u>

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	<u>310</u>	<u>222</u>

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**Funding Policy (Continued)**

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

	Fiduciary Net Position		
	Salaried Plan	Bargaining Unit Plan	Total Pension Trust Fund
<b>ASSETS</b>			
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	<u>42,194,744</u>	<u>24,795,164</u>	<u>66,989,908</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	<u>\$ 42,194,744</u>	<u>\$ 24,795,164</u>	<u>\$ 66,989,908</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 3,620,498	\$ 1,556,441	\$ 5,176,939
Employees	966	-	966
Total Contributions	<u>3,621,464</u>	<u>1,556,441</u>	<u>5,177,905</u>
Investment Earnings (Loss):			
Net Decrease in the Fair Value of Investments	(1,423,458)	(842,424)	(2,265,882)
Investment Earnings	<u>1,352,505</u>	<u>812,060</u>	<u>2,164,565</u>
Net Investment Earnings (Loss)	<u>(70,953)</u>	<u>(30,364)</u>	<u>(101,317)</u>
Total Additions	3,550,511	1,526,077	5,076,588
<b>DEDUCTIONS</b>			
Benefits	3,188,042	1,863,195	5,051,237
Expenses	206,201	117,849	324,050
Other	<u>13,668</u>	<u>9,558</u>	<u>23,226</u>
Total Deductions	<u>3,407,911</u>	<u>1,990,602</u>	<u>5,398,513</u>
<b>CHANGE IN NET POSITION</b>	142,600	(464,525)	(321,925)
Net Position - Beginning of Year	<u>42,052,144</u>	<u>25,259,689</u>	<u>67,311,833</u>
<b>NET POSITION - END OF YEAR *</b>	<u>\$ 42,194,744</u>	<u>\$ 24,795,164</u>	<u>\$ 66,989,908</u>

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



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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**Funding Policy (Continued)**

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

	Fiduciary Net Position		
	Salaried Plan	Bargaining Unit Plan	Total Pension Trust Fund
<b>ASSETS</b>			
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	<u>42,052,144</u>	<u>25,259,689</u>	<u>67,311,833</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	<u>\$ 42,052,144</u>	<u>\$ 25,259,689</u>	<u>\$ 67,311,833</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 3,124,817	\$ 1,229,525	\$ 4,354,342
Employees	5,721	-	5,721
Total Contributions	<u>3,130,538</u>	<u>1,229,525</u>	<u>4,360,063</u>
Investment Earnings (Loss):			
Net Decrease in the Fair Value of Investments	(3,737,754)	(2,270,471)	(6,008,225)
Investment Earnings and Other Income	<u>1,558,473</u>	<u>954,035</u>	<u>2,512,508</u>
Net Investment Earnings (Loss)	<u>(2,179,281)</u>	<u>(1,316,436)</u>	<u>(3,495,717)</u>
Total Additions	951,257	(86,911)	864,346
<b>DEDUCTIONS</b>			
Benefits	3,360,544	1,726,421	5,086,965
Expenses	210,893	128,392	339,285
Other	<u>(25,446)</u>	<u>(18,815)</u>	<u>(44,261)</u>
Total Deductions	<u>3,545,991</u>	<u>1,835,998</u>	<u>5,381,989</u>
<b>CHANGE IN NET POSITION</b>	(2,594,734)	(1,922,909)	(4,517,643)
Net Position - Beginning of Year	<u>44,646,878</u>	<u>27,182,598</u>	<u>71,829,476</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 42,052,144</u>	<u>\$ 25,259,689</u>	<u>\$ 67,311,833</u>

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**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 %
US Equity	38	37
Global	4	4
International Equity	13	14
Alternatives, 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%

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Net Pension Liability of the Authority (Continued)**

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	<u>\$ 11,428,918</u>	<u>\$ 5,172,451</u>
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

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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 %
US 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 %
US 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.

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Changes in the Net Pension Liability**

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

	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

	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

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Changes in the Net Pension Liability (Continued)**

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

	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

	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

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Sensitivity of the 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:

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Salaried Plan	\$ 16,434,976	\$ 11,428,918	\$ 7,105,159
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Bargaining Unit Plan	\$ 8,352,082	\$ 5,172,451	\$ 2,449,950

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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**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
Difference Between Projected and Actual Earning on Pension Plan Investments	3,063,144	1,810,738	4,873,882
Total	<u>\$ 3,391,765</u>	<u>\$ 2,268,367</u>	<u>\$ 5,660,132</u>
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
Difference Between Projected and Actual Earning on Pension Plan Investments	990,681	586,741	1,577,422
Total	<u>\$ 2,353,665</u>	<u>\$ 1,163,027</u>	<u>\$ 3,516,692</u>
Deferred Inflows of Resources			
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes of Assumptions	-	-	-
Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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**NOTE 13 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

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

**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:

	<u>2023</u>	<u>2022</u>
Employer Contributions	\$ 1,002,499	\$ 918,264
Employee Contributions	2,129,862	2,112,420

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE**

**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.

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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Plan Description (Continued)**

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 consist 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.

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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**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.

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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**Funding Policy (Continued)**

**Nonunion Employees and Spouses (Continued):**

- 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 %
US 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, was determined based on an assumption of contributions and expenses being paid in the middle of the plan year.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**MAY 31, 2023 AND 2022**

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**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	<u>\$ 15,716,868</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	37.07%
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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	<u>\$ 17,176,905</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	34.61%
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**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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Actuarial Assumptions (Continued)**

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-2020 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 %
US Equity	8.3
Global	8.0
International Equity	7.4
Alternative, Hedge, and Swing	6.2

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

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8 %
US Equity	8.0
Global	8.0
International Equity	8.0
Alternative, 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**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
Differences Between Expected and Actual Experience	(2,124,593)	-	(2,124,593)
Changes in Assumptions	431,098	-	431,098
Benefit Payments, Including Refund 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	<u>(1,293,571)</u>	<u>166,466</u>	<u>(1,460,037)</u>
Balances - May 31, 2022	<u>\$ 24,975,189</u>	<u>\$ 9,258,321</u>	<u>\$ 15,716,868</u>

	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
Differences Between Expected and Actual Experience	(1,108,387)	-	(1,108,387)
Changes in Assumptions	(266,012)	-	(266,012)
Benefit Payments, Including Refund 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	<u>(1,017,396)</u>	<u>(421,712)</u>	<u>(595,684)</u>
Balances - May 31, 2021	<u>\$ 26,268,760</u>	<u>\$ 9,091,855</u>	<u>\$ 17,176,905</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**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:

	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:

	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 the current healthcare cost trend rates:

	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 the current healthcare cost trend rates:

	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



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**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	<u>\$ 2,217,948</u>	<u>\$ 4,642,329</u>

	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	<u>\$ 1,977,949</u>	<u>\$ 4,089,058</u>

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

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**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, 2022, actuarial valuation, the frozen entry age normal actuarial funding method was used with a healthcare cost trend of 6.10% graded down by the Getzen Model to an ultimate rate of 3.94% 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 37<sup>th</sup> 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**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
<b>Assets</b>			
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
<b>Deferred Outflows of Resources</b>	33,320,081	-	33,320,081
<b>Liabilities</b>			
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
<b>Deferred Inflows of Resources</b>	6,405,808	-	6,405,808
<b>Net Position</b>			
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	<u>\$ 285,431,837</u>	<u>\$ 1,603,467</u>	<u>\$ 287,035,304</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 17 BLENDED COMPONENT UNIT (CONTINUED)**

Condensed Statement of Net Position at May 31, 2022.

	The Authority	The Watershed Fund	Combined Financial Statements
<b>Assets</b>			
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
<b>Deferred Outflows of Resources</b>	32,459,886	-	32,459,886
<b>Liabilities</b>			
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
<b>Deferred Inflows of Resources</b>	5,602,988	-	5,602,988
<b>Net Position, As Restated</b>			
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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 17 BLENDED COMPONENT UNIT (CONTINUED)**

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

	The Authority	The Watershed Fund	Combined Financial Statements
<b>Operating Revenues</b>			
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	<u>12,508,153</u>	<u>-</u>	<u>12,508,153</u>
Total Operating Revenues	144,358,567	-	144,358,567
<b>Operating Expenses</b>			
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	<u>6,671,622</u>	<u>-</u>	<u>6,671,622</u>
Total Operating Expenses	101,337,605	-	101,337,605
<b>Operating Income</b>	43,020,962	-	43,020,962
<b>Nonoperating Expense (Net)</b>	<u>(13,202,694)</u>	<u>(236,550)</u>	<u>(13,439,244)</u>
<b>Change in Net Position Before Capital Contributions</b>	29,818,268	(236,550)	29,581,718
<b>Capital Contributions</b>	<u>1,801,029</u>	<u>(20,000)</u>	<u>1,781,029</u>
<b>Change in Net Position</b>	31,619,297	(256,550)	31,362,747
<b>Net Position - Beginning of Year</b>	<u>253,812,540</u>	<u>1,860,017</u>	<u>255,672,557</u>
<b>Net Position - End of Year</b>	<u><u>\$ 283,828,370</u></u>	<u><u>\$ 1,603,467</u></u>	<u><u>\$ 287,035,304</u></u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 17 BLENDED COMPONENT UNIT (CONTINUED)**

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

	The Authority	The Watershed Fund	Combined Financial Statements
<b>Operating Revenues</b>			
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	<u>135,158,742</u>	<u>-</u>	<u>135,158,742</u>
<b>Operating Expenses</b>			
Operating and Maintenance	56,899,814	-	56,899,814
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	<u>96,015,366</u>	<u>-</u>	<u>96,015,366</u>
<b>Operating Income</b>	39,143,376	-	39,143,376
<b>Nonoperating Expense (Net)</b>	<u>(19,982,562)</u>	<u>(309,643)</u>	<u>(20,292,205)</u>
<b>Change in Net Position Before Capital Contributions</b>	19,160,814	(309,643)	18,851,171
<b>Capital Contributions</b>	<u>1,437,717</u>	<u>-</u>	<u>1,437,717</u>
<b>Change in Net Position</b>	20,598,531	(309,643)	20,288,888
<b>Net Position - Beginning of Year</b>	<u>233,214,009</u>	<u>2,169,660</u>	<u>235,383,669</u>
<b>Net Position - End of Year, as Restated</b>	<u><u>\$ 251,952,523</u></u>	<u><u>\$ 1,860,017</u></u>	<u><u>\$ 255,672,557</u></u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE 17 BLENDED COMPONENT UNIT (CONTINUED)**

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	<u>(85,773,469)</u>	<u>-</u>	<u>(85,773,469)</u>
Net Increase in Cash and Cash Equivalents	4,223,580	(135,039)	4,088,541
Cash and Cash Equivalents - Beginning of Year	<u>35,239,861</u>	<u>140,228</u>	<u>35,380,089</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 39,463,441</u></u>	<u><u>\$ 5,189</u></u>	<u><u>\$ 39,468,630</u></u>

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	<u>(24,425,615)</u>	<u>-</u>	<u>(24,425,615)</u>
Net Increase in Cash and Cash Equivalents	1,219,643	38,155	1,257,798
Cash and Cash Equivalents - Beginning of Year	<u>34,020,218</u>	<u>102,073</u>	<u>34,122,291</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 35,239,861</u></u>	<u><u>\$ 140,228</u></u>	<u><u>\$ 35,380,089</u></u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**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, 20/22	20,323,226	(34,338)	20,288,888



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS  
SALARIED PLAN  
LAST NINE FISCAL YEARS\***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability:									
Service Cost	\$ 675,452	\$ 681,501	\$ 656,669	\$ 748,940	\$ 729,789	\$ 606,804	\$ 507,879	\$ 519,885	\$ 503,924
Interest	2,611,307	2,930,309	2,930,761	2,925,239	2,997,121	3,178,341	3,311,644	3,356,740	3,469,492
Differences Between Expected and Actual									
Experience	714,740	592,405	979,655	166,471	1,923,819	1,090,249	808,104	1,098,396	(555,409)
Changes in Assumptions	3,703,809	494,742	(2,323,594)	(204,280)	(86,868)	279,005	914,472	83,789	-
Changes in Benefit Terms	-	-	10,131	-	140,281	-	236,540	-	-
Benefit Payments, Including Refunds of Member									
Contributions	(2,096,472)	(2,707,621)	(2,992,795)	(2,462,467)	(2,868,597)	(3,056,951)	(3,194,284)	(3,360,544)	(3,188,042)
Other	-	-	-	-	(11,600)	-	-	-	-
Net Change in Total Pension Liability	5,608,836	1,991,336	(739,173)	1,173,903	2,823,945	2,097,448	2,584,355	1,698,266	229,965
Total Pension Liability - Beginning	36,242,146	41,850,982	43,842,318	43,103,145	44,277,048	47,100,993	49,198,441	51,782,796	53,481,062
Total Pension Liability - Ending	41,850,982	43,842,318	43,103,145	44,277,048	47,100,993	49,198,441	51,782,796	53,481,062	53,711,027
Plan Fiduciary Net Position:									
Contributions - Employer	2,689,635	4,385,524	5,001,252	4,341,521	3,897,275	3,301,077	3,110,873	3,124,817	3,620,498
Contributions - Member	15,624	14,693	10,810	10,918	8,287	5,079	4,865	5,721	966
Net Investment Income (Loss)	712,038	(287,080)	2,810,914	2,372,221	852,590	1,679,215	8,657,377	(2,179,281)	(70,953)
Benefit Payments, Including Refunds of Member									
Contributions	(2,096,472)	(2,707,621)	(2,992,795)	(2,462,467)	(2,868,597)	(3,056,951)	(3,194,284)	(3,360,544)	(3,188,042)
Administrative Expense	(30,552)	(133,601)	(136,687)	(165,402)	(168,432)	(173,577)	(194,562)	(210,893)	(206,201)
Other	-	(61,573)	87,206	11,846	(23,335)	11,129	(614)	25,446	(13,668)
Net Change in Plan Fiduciary Net Position	1,290,273	1,210,342	4,780,700	4,108,637	1,697,788	1,765,972	8,383,655	(2,594,734)	142,600
Plan Fiduciary Net Position - Beginning	21,409,511	22,699,784	23,910,126	28,690,826	32,799,463	34,497,251	36,263,223	44,646,878	42,052,144
Plan Fiduciary Net Position - Ending	22,699,784	23,910,126	28,690,826	32,799,463	34,497,251	36,263,223	44,646,878	42,052,144	42,194,744
Net Pension Liability - Ending	<u>\$ 19,151,198</u>	<u>\$ 19,932,192</u>	<u>\$ 14,412,319</u>	<u>\$ 11,477,585</u>	<u>\$ 12,603,742</u>	<u>\$ 12,935,218</u>	<u>\$ 7,135,918</u>	<u>\$ 11,428,918</u>	<u>\$ 11,516,283</u>
Plan Fiduciary Net Position as a Percentage of the									
Total Pension Liability	54.24%	54.54%	66.56%	74.08%	73.24%	73.71%	86.22%	78.63%	78.56%
Covered Payroll	\$ 8,694,151	\$ 8,590,395	\$ 9,290,589	\$ 9,475,823	\$ 9,160,530	\$ 8,465,818	\$ 7,388,009	\$ 7,236,172	\$ 7,574,236
Net Pension Liability as a Percentage of Covered									
Payroll	220.28%	232.03%	155.13%	121.12%	137.59%	152.79%	96.59%	157.94%	152.05%

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS  
BARGAINING UNIT PLAN  
LAST NINE FISCAL YEARS\***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability:									
Service Cost	\$ 171,017	\$ 166,226	\$ 155,949	\$ 143,110	\$ 129,285	\$ 120,416	\$ 125,901	\$ 129,241	\$ 112,296
Interest	1,718,773	1,802,098	1,799,197	1,695,294	1,745,484	1,766,348	1,935,401	1,942,609	1,985,848
Differences Between Expected and Actual Experience	(311,677)	(110,990)	406,966	520,588	(41,862)	277,635	4,344	131,988	560,843
Changes of Assumptions	1,292,075	303,196	(2,610,404)	(242,533)	(50,037)	1,533,894	528,267	61,809	-
Changes In Benefits	-	120,432	83,206	-	207,281	175,513	187,272	194,495	-
Benefit Payments, Including Refunds of Member Contributions	(1,103,669)	(1,212,225)	(1,328,633)	(1,446,301)	(1,611,414)	(1,469,406)	(1,676,840)	(1,726,421)	(1,863,195)
Other	-	-	-	-	(9,505)	-	-	-	-
Net Change in Total Pension Liability	1,766,519	1,068,737	(1,493,719)	670,158	369,232	2,404,400	1,104,345	733,721	795,792
Total Pension Liability - Beginning	23,808,747	25,575,266	26,644,003	25,150,284	25,820,442	26,189,674	28,594,074	29,698,419	30,432,140
Total Pension Liability - Ending	25,575,266	26,644,003	25,150,284	25,820,442	26,189,674	28,594,074	29,698,419	30,432,140	31,227,932
Plan Fiduciary Net Position:									
Contributions - Employer	1,708,765	2,212,476	2,175,166	1,519,216	1,239,632	1,314,032	1,154,931	1,229,525	1,556,441
Contributions - Member	-	-	-	-	-	-	450	-	-
Net Investment Income (Loss)	374,669	(198,733)	2,021,684	1,656,511	508,851	1,042,147	5,370,416	(1,316,436)	(30,364)
Benefit Payments, Including Refunds of Member Contributions	(1,103,669)	(1,212,225)	(1,328,633)	(1,446,301)	(1,611,414)	(1,469,406)	(1,676,840)	(1,726,421)	(1,863,195)
Administrative Expense	(23,872)	(98,084)	(101,257)	(123,799)	(111,091)	(108,698)	(125,230)	(128,392)	(117,849)
Other	-	(24,768)	46,960	10,270	(19,010)	8,727	848	18,815	(9,558)
Net Change in Plan Fiduciary Net Position	955,893	678,666	2,813,920	1,615,897	6,968	786,802	4,724,575	(1,922,909)	(464,525)
Plan Fiduciary Net Position - Beginning	15,599,877	16,555,770	17,234,436	20,048,356	21,664,253	21,671,221	22,458,023	27,182,598	25,259,689
Plan Fiduciary Net Position - Ending	16,555,770	17,234,436	20,048,356	21,664,253	21,671,221	22,458,023	27,182,598	25,259,689	24,795,164
Net Pension Liability - Ending	\$ 9,019,496	\$ 9,409,567	\$ 5,101,928	\$ 4,156,189	\$ 4,518,453	\$ 6,136,051	\$ 2,515,821	\$ 5,172,451	\$ 6,432,768
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.73%	64.68%	79.71%	83.90%	82.75%	78.54%	91.53%	83.00%	79.40%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	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	N/A	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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION  
SALARIED PLAN  
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 2,329,754	\$ 2,689,635	\$ 2,749,435	\$ 3,356,514	\$ 2,648,702	\$ 2,379,603	\$ 2,390,534	\$ 2,089,386	\$ 2,142,513	\$ 1,924,696
Contributions in Relation to the Actuarially Determined Contribution	2,329,754	2,689,635	4,385,524	5,001,252	4,341,521	3,897,275	3,301,077	3,110,873	3,124,817	3,620,498
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,636,089)</u>	<u>\$ (1,644,738)</u>	<u>\$ (1,692,819)</u>	<u>\$ (1,517,672)</u>	<u>\$ (910,543)</u>	<u>\$ (1,021,487)</u>	<u>\$ (982,304)</u>	<u>\$ (1,695,802)</u>
Covered Payroll	\$ 9,254,742	\$ 8,694,151	\$ 8,590,395	\$ 9,290,589	\$ 9,475,823	\$ 9,160,530	\$ 8,465,818	\$ 7,388,009	\$ 7,236,172	\$ 7,574,236
Contributions as a Percentage of Covered Payroll	25.17%	30.94%	51.05%	53.83%	45.82%	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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION  
BARGAINING UNIT PLAN  
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,454,957	\$ 1,708,765	\$ 1,707,164	\$ 1,815,386	\$ 1,126,333	\$ 918,295	\$ 840,922	\$ 1,081,857	\$ 1,077,926	\$ 912,974
Contributions in Relation to the Actuarially Determined Contribution	<u>1,454,957</u>	<u>1,708,765</u>	<u>2,212,476</u>	<u>2,175,166</u>	<u>1,519,216</u>	<u>1,239,632</u>	<u>1,314,032</u>	<u>1,154,931</u>	<u>1,229,525</u>	<u>1,556,441</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (505,312)</u>	<u>\$ (359,780)</u>	<u>\$ (392,883)</u>	<u>\$ (321,337)</u>	<u>\$ (473,110)</u>	<u>\$ (73,074)</u>	<u>\$ (151,599)</u>	<u>\$ (643,467)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A	N/A

**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	<u>Age</u>	<u>Rate</u>
	55-64	2%
	65-69	20%
	70	100%
	<u>Rule of 80 Retirement Rates:</u>	
	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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF INVESTMENT RETURNS – PENSION  
LAST NINE FISCAL YEARS\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>SALARIED PLAN</b>									
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%
<b>BARGAINING UNIT PLAN</b>									
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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB  
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (1)	\$ 2,727,659	\$ 2,604,191	\$ 2,506,691	\$ 2,486,586	\$ 2,143,071	\$ 2,175,583	\$ 1,851,431	\$ 1,662,556	\$ 1,598,057	\$ 1,543,626
Contributions in Relation to the Actuarially Determined Contribution	<u>2,266,000 (2)</u>	<u>2,398,800 (3)</u>	<u>2,290,882 (3)</u>	<u>2,301,583 (3)</u>	<u>2,289,292 (3)</u>	<u>2,310,104 (3)</u>	<u>2,027,798 (3)</u>	<u>1,855,418 (3)</u>	<u>1,734,198 (3)</u>	<u>1,737,894</u>
Contribution Deficiency (Excess)	<u>\$ 461,659</u>	<u>\$ 205,391</u>	<u>\$ 215,809</u>	<u>\$ 185,003</u>	<u>\$ (146,221)</u>	<u>\$ (134,521)</u>	<u>\$ (176,367)</u>	<u>\$ (192,862)</u>	<u>\$ (136,141)</u>	<u>\$ (194,268)</u>
Covered Payroll	N/A	N/A	N/A	N/A	\$ 23,217,114 (4)	\$ 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	N/A	N/A	N/A	N/A	9.86%	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 towards 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%

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
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.



**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**FEDERAL SINGLE AUDIT REPORT**  
**YEAR ENDED MAY 31, 2023**



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

**Report on Compliance for The Major Federal Program**

***Opinion on The Major Federal Program***

We have audited South Central Connecticut Regional Water Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on South Central Connecticut Regional Water Authority's major federal program for the year ended May 31, 2023. South Central Connecticut Regional Water Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Central Connecticut Regional Water Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect its major federal program for the year ended May 31, 2023.

***Basis for Opinion on The Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Central Connecticut Regional Water Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of South Central Connecticut Regional Water Authority's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to South Central Connecticut Regional Water Authority's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Central Connecticut Regional Water Authority 's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Central Connecticut Regional Water Authority's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 South Central Connecticut Regional Water Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of South Central Connecticut Regional Water Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of South Central Connecticut Regional Water Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

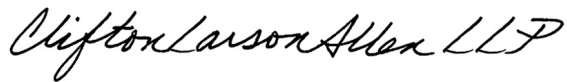
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and fiduciary activities of South Central Connecticut Regional Water Authority, as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise South Central Connecticut Regional Water Authority's basic financial statements. We have issued our report thereon dated September 12, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 12, 2023

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MAY 31, 2023**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Project Name</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Environmental Protection Agency</b>					
<i>Passed Through the State of Connecticut Department of Public Health:</i>					
Drinking Water State Revolving Fund (DWSRF) Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds:					
	66.468	Brushy Plains Standpipe Demo and Cherry Hill PS Improvements - Loan	DWSRF No. 2022-7107	\$	758,483
	66.468	Brushy Plains Standpipe Demo and Cherry Hill PS Improvements - Subsidy	DWSRF No. 2022-7107		227,940
	66.468	Seymour Well Replacement Well 4B - Loan	DWSRF No. 2022-7106		718,180
	66.468	Seymour Well Replacement Well 4B - Subsidy	DWSRF No. 2022-7106		261,644
Total Drinking Water State Revolving Funds (DWSRF) Cluster:					1,966,247
Total Environmental Protection Agency:					1,966,247
<b>Total Expenditures of Federal Awards</b>				\$ -	\$ 1,966,247

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
MAY 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of South Central Connecticut Regional Water Authority, under programs of the federal government for the year ended May 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of South Central Connecticut Regional Water Authority, it is not intended to, and does not, present the financial position, changes in net position or cash flows of South Central Connecticut Regional Water Authority.

**Basis of Accounting**

Expenditures reported on the Schedule are reported using the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 INDIRECT COST RECOVERY**

The South Central Connecticut Regional Water Authority, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Members**

South Central Connecticut Regional Water Authority  
New Haven, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of South Central Connecticut Regional Water Authority, as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the South Central Connecticut Regional Water Authority's basic financial statements, and have issued our report thereon dated September 12, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered South Central Connecticut Regional Water Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Central Connecticut Regional Water Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of South Central Connecticut Regional Water Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

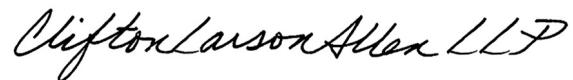
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether South Central Connecticut Regional Water Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 12, 2023

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MAY 31, 2023**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

**Assistance Listing Number(s)**

66.468

**Name of Federal Program or Cluster**

Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$   750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED MAY 31, 2023**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



Finance Committee, Representative Policy Board  
South Central Connecticut Regional Water Authority  
New Haven, CT 06511-5966

We have audited the financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority as of and for the year ended May 31, 2023, and have issued our report thereon dated September 12, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our planning communication dated February 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the South Central Connecticut Regional Water Authority are described in Note 2 to the financial statements.

As described in Note 2, the Authority changed accounting policies related to leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, effective June 1, 2021. Accordingly, the accounting change has been applied to the beginning of the earliest comparative period presented.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was (were):

- Management's estimate of the net pension liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.
- Management's estimate of the net other post-employment benefit (OPEB) liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.
- Management's estimate of the useful lives of capital assets, which are used in computing depreciation in the financial statements.

- Management's estimate of the allowance for doubtful accounts related to water billings receivable is based on certain historical data and currently known information.
- Management's estimate of the unbilled revenue related to water usage is based on certain historical data and currently known information.
- Management's estimate of the incurred but not reported (IBNR and self-insurance claims) is based on claims amounts owed by the South Central Connecticut Regional Water Authority for claimants who have had a covered loss but have not yet reported it.
- Management's estimate of the environmental remediation costs of the Newhall property is based on estimates prepared by environmental engineers engaged by the South Central Connecticut Regional Water Authority.

#### Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

#### ***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

#### ***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Circumstances that affect the form and content of the auditors' report***

As previously communicated to you, the report was modified to include an emphasis of matter paragraph to highlight the change in accounting principle related to the adoption of the new accounting guidance for leases as follows:

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 twelve 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.

### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated September 12, 2023.

### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

### ***Required supplementary information***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

### ***Supplementary information in relation to the financial statements as a whole***

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 12, 2023.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of financial highlights, message from the CEO and Board Chairs, and Regional Water Authority Statistics. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we will request management correct the other information. If the other information is not corrected, we will take appropriate action to seek to have the uncorrected material misstatement appropriately brought to the attention of anyone in receipt of the annual report and the auditor's report.

\* \* \*

This communication is intended solely for the information and use of the Finance Committee of the Representative Policy Board and management of the South Central Connecticut Regional Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 12, 2023





Regional Water Authority  
South Central Connecticut Regional Water Authority  
New Haven, CT 06511-5966

We have audited the financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority as of and for the year ended May 31, 2023, and have issued our report thereon dated September 12, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our planning communication dated February 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the South Central Connecticut Regional Water Authority are described in Note 2 to the financial statements.

As described in Note 2, the Authority changed accounting policies related to leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, effective June 1, 2021. Accordingly, the accounting change has been applied to the beginning of the earliest comparative period presented.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was (were):

- Management's estimate of the net pension liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.
- Management's estimate of the net other post-employment benefit (OPEB) liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.
- Management's estimate of the useful lives of capital assets, which are used in computing depreciation in the financial statements.

- Management's estimate of the allowance for doubtful accounts related to water billings receivable is based on certain historical data and currently known information.
- Management's estimate of the unbilled revenue related to water usage is based on certain historical data and currently known information.
- Management's estimate of the incurred but not reported (IBNR and self-insurance claims) is based on claims amounts owed by the South Central Connecticut Regional Water Authority for claimants who have had a covered loss but have not yet reported it.
- Management's estimate of the environmental remediation costs of the Newhall property is based on estimates prepared by environmental engineers engaged by the South Central Connecticut Regional Water Authority.

#### Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

#### ***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

#### ***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Circumstances that affect the form and content of the auditors' report***

As previously communicated to you, the report was modified to include an emphasis of matter paragraph to highlight the change in accounting principle related to the adoption of the new accounting guidance for leases as follows:

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 twelve 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.

### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated September 12, 2023.

### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

### ***Required supplementary information***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

### ***Supplementary information in relation to the financial statements as a whole***


With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 12, 2023.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of financial highlights, message from the CEO and Board Chairs, and Regional Water Authority Statistics. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we will request management correct the other information. If the other information is not corrected, we will take appropriate action to seek to have the uncorrected material misstatement appropriately brought to the attention of anyone in receipt of the annual report and the auditor's report.

\* \* \*

This communication is intended solely for the information and use of Regional Water Authority and management of the South Central Connecticut Regional Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 12, 2023



## INDEPENDENT AUDITORS' REPORT

To the Members  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority (the Authority), as of and for the year ended May 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the South Central Connecticut Regional Water Authority failed to comply with the terms, covenants, provisions, or conditions of Sections 610(D) and 610(E) of the Water System Revenue Bond Resolution of the Authority adopted on July 31, 1980, as amended and supplemented January 16, 2020, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the terms, covenants, provisions, or conditions of Sections 610(D) and 610(E) of the Water System Revenue Bond Resolution of the Authority adopted on July 31, 1980 as amended and supplemented January 16, 2020, and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 12, 2023

**South Central Connecticut Regional Water Authority  
Minutes of the August 24, 2023 Meeting**

The regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, August 24, 2023, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chairman Borowy presided.

**Present:**       **Authority** – Messrs. Borowy, Curseaden (remote), Ricozzi, and Mss. LaMarr and Sack  
                  **Management** – Mss. Kowalski, Calo, Bochan, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, and Singh  
                  **Claire C. Bennett Watershed Fund** – Mr. Stone  
                  **Staff** – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m. He reviewed the Safety Moment distributed to members.

Chair Borowy offered the opportunity for members of the public to comment. There were no members of the public present.

At 12:31 p.m., on motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the Authority voted to recess the meeting to meet as the Compensation Committee.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 2:57 p.m., the Authority reconvened and on motion made by Ms. LaMarr, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to recess the meeting to meet as the Strategic Planning Committee.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 3:26 p.m., the Authority reconvened and Mr. Barger entered the meeting. On motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the Authority voted to recess the meeting to meet as the Environmental, Health & Safety Committee.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 3:55 p.m., Mr. Barger withdrew from the meeting.

At 4:20 p.m., the Authority reconvened.

Chair Borowy stated that the Compensation Committee would be recommending approval of the CEO's compensation. On motion made by Ms. LaMarr, seconded by Ms. Sack, the Authority voted unanimously to approve the CEO's compensation for reasons discussed in executive session.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

On motion made by Mr. Ricozzi, seconded by Ms. LaMarr, and unanimously carried, the Authority voted to approve, adopt, or receive, as appropriate the following items in the Consent Agenda:

1. Minutes of the July 27, 2023 meetings.
2. Capital budget authorization for September 2023.

**RESOLVED**, that the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$3,400,000 for the month of September 2023 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn, pursuant to such requisition, is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2024 for all Capital Improvement Projects to be exceeded.

3. Capital budget transfer notifications detailed in Ms. Kowalski's memorandum dated August 18, 2023.
4. Monthly financial report for July 2023.
5. Accounts receivable update for July 2023.
6. CEO Revised Priorities for FY 2024.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Chair Borowy summarized the Type B Amendment related to the Lake Gaillard Underdrain replacement. On motion made by Mr. Ricozzi, and seconded by Ms. LaMarr, the Authority voted unanimously to approve the Type B Amendment.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 4:23 p.m., Ms. Bochan and Mr. Stone entered the meeting.

Authority members reported on recent RPB committee meetings.

Mr. Stone, President of the Claire C. Bennett Watershed Fund (“Fund”), provided an update of the FY 2023 Fund financials, an overview of approved grant and scholarship awards, and the annual golf tournament.

Mr. Stone also reported that four directors of the Claire C. Bennett Watershed Fund were up for reappointment: Gordon Geballe, Catherine LaMarr, Marco Mutojji, and Rev. Prof. John Henry Scott, Esq. All four directors expressed interest in continuing to serve. After discussion, Ms. Sack moved for approval of the following resolution:

**RESOLVED**, that the following persons be, and hereby are, reappointed as Directors of the Claire C. Bennett Watershed Fund, Inc., to serve in such capacity until the annual meeting of the sole member in 2026, or until they otherwise lawfully cease to hold such office: Gordon Geballe, Catherine LaMarr, Marco Mutojji, Rev. Prof. John Henry Scott, Esq.

Mr. Ricoszi seconded the motion, the Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

At 4:36 p.m., Mr. Stone withdrew from the meeting.

Ms. Bochan, the RWA’s Director of Customer Care, provided a Customer Information System Update, which included:

- First phase milestone celebration
- Accomplishments
- Current Activities
- Next Steps

At 4:43 p.m., Ms. Bochan withdrew from the meeting.

Mr. Bingaman, the RWA’s President & Chief Executive Officer reported:

- On a meeting with Ms. LaMarr and Ms. Kowalski to review a draft Request for Information (RFI). The draft was thorough with just a small number of items (e.g., competitive pricing and the custodian) that need to be added. They will work with Angel Pension Group to assist in moving forward with the RFI.
- A request for a special meeting regarding RWA’s possible land acquisition in Cheshire.

At 4:50 p.m., on motion made by Ms. Sack, seconded by Mr. Borowy, and unanimously carried, the Authority meeting adjourned.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye



Ricozzi	Aye
Sack	Aye

---

Catherine E. LaMarr, Secretary

**South Central Connecticut Regional Water Authority  
Minutes of the September 5, 2023 Special Meeting**

A special meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Tuesday, September 5, 2023, via remote access. Chairman Borowy presided.

**Present:**       **Authority** – Messrs. Borowy, Curseaden, Ricozzi, and Mss. LaMarr and Sack  
                  **Management** –Messrs. Bingaman and Lakshminarayanan  
                  **Staff** – Mrs. Slubowski

The Chair called the meeting to order at 8:30 a.m. He reviewed the Safety Moment distributed to members.

Chair Borowy offered the opportunity for members of the public to comment. No members of the public were present.

At 8:31 a.m., on motion made by Mr. Ricozzi, and seconded Mr. Curseaden, the Authority voted to convene in executive session pursuant to C.G.S. Section 1-200(6)(D) pertaining to purchase of real estate. Present in executive session were Authority members, Messrs. Bingaman, Lakshminarayanan, and Ms. Slubowski.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 8:47 a.m., the Authority reconvened.

Mr. Ricozzi moved for approval of the following resolution:

**RESOLVED**, that the Authority hereby authorizes Sunny Lakshminarayanan, Vice President – Engineering & Environmental Services of South Central Connecticut Regional Water Authority, to execute any and all documents relating to the purchase of 48+/- acres located at 679 Mountain Rd. in Cheshire, CT from Blue Trails LLC represented by Phil Bowman. This property is located within the Authority’s Lake Whitney watershed.

After discussion, Ms. LaMarr seconded the motion, the chair called for the vote, and the resolution was adopted unanimously.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Mr. Curseaden stated for the record that he voted in favor of the acquisition as part of the RWA’s Land We Need for the Water We Use program. In addition, he noted that the price negotiated by the RWA, as discussed in executive session, was a fair price.

At 8:49 a.m., Messrs. Bingaman, Lakshminarayanan, and Ms. Slubowski withdrew from the meeting, and on motion made by Ms. LaMarr, seconded by Mr. Ricozzi, and unanimously carried, the Authority voted to convene in executive session pursuant to C.G.S. Section 1-200(6)(B) pertaining to personnel. Present in executive session were Authority members.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 9:43 a.m., Mr. Bingaman and Ms. Slubowski entered the meeting and the Authority reconvened.

Ms. LaMarr moved for approval of the following resolutions with corrections, as follows:

**WHEREAS**, the South Central Connecticut Regional Water Authority (“Authority” or “RWA”) entered into an agreement with Larry L. Bingaman, President & Chief Executive Officer of the RWA, dated November 21, 2008 (“Agreement”); and

**WHEREAS**, said Agreement was extended on June 15, 2011, June 19, 2014, and last on July 26, 2019 with his term to conclude on December 31, 2024; and

**WHEREAS**, Mr. Bingaman, has expressed his interest in continuing employment with the Authority for an additional three (3) years according to the terms of his agreement, as updated.

**NOW FURTHER BE IT RESOLVED** that the Authority determines to extend its agreement with Larry L. Bingaman, RWA’s President and Chief Executive Officer, for an additional term of three years (3) concluding on December 31, 2027; and

**FURTHER RESOLVED** that the Authority hereby authorizes its Chairperson to notify Mr. Bingaman of its intent to extend the agreement and to enter into negotiations of an agreement with Mr. Bingaman outlining certain terms of his employment.

Mr. Curseaden seconded the motion. The chair called for the vote and the Authority voted unanimously to approve the resolutions.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Chair Borowy stated the board’s support of Mr. Bingaman and for the leadership he has provided to the Authority and will continue to provide.

At 9:46 a.m., on motion made by Ms. LaMarr, seconded by Ms. Sack, and unanimously carried, the special Authority meeting adjourned.

Borowy	Aye
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Curseaden Aye  
LaMarr Aye  
Ricozzi Aye  
Sack Aye


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Catherine E. LaMarr, Secretary

**South Central Connecticut Regional Water Authority**  
90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020  
<http://www.rwater.com>

**MEMORANDUM**

**TO:** David J. Borowy  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricoszi  
Suzanne C. Sack

**FROM:**  Rochelle Kowalski  
Vice President & Chief Financial Officer

**DATE:** September 22, 2023

**SUBJECT:** Capital budget authorization request for October 2023

Attached for your meeting on September 28, 2023, is a copy of the resolution authorizing expenditures against the capital improvement budget for October 2023. The amount of the requested authorization, for funds held by the trustee, is \$4,400,000.

This would result in projected expenditures through October 2023 of \$16,503,300 or 28.4% of the total 2024 fiscal year capital budget, including State and Redevelopment.

Attachment

**RESOLVED**

That the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,400,000 for the month of October 2023 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2024 for all Capital Improvement Projects to be exceeded.

## South Central Regional Water Authority

### Analysis of Accounts Receivable ("A/R")

(\$000 omitted)

Denotes City of New Haven Invoicing (pre-monthly billing)

#### Total Accounts Receivable Aging (in days)

	Aug-23	Jul-23	Jun-23	May-23	April	March	Feb	Jan	Dec	Nov	Oct	Sept	Aug
	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
Under 30	\$ 6,504	\$ 8,725	\$ 7,293	\$ 5,586	\$ 6,922	\$ 4,954	\$ 5,926	\$ 6,550	\$ 6,158	\$ 6,197	\$ 7,228	\$ 8,082	\$ 7,220
31-60	1,857	1,823	1,183	1,498	1,513	1,615	1,865	1,621	1,910	2,267	2,454	2,403	2,481
61-90	592	543	650	498	703	786	1,062	1,070	1,053	966	868	1,222	882
91-180	1,060	1,162	1,085	1,171	1,111	1,301	1,583	1,558	1,516	1,382	1,492	1,603	1,476
181-360	1,453	1,393	1,295	1,452	1,458	1,591	1,680	1,890	1,828	2,159	2,083	2,014	2,201
More than 1 year	4,845	4,908	4,682	4,676	4,864	5,036	5,263	5,239	5,085	4,950	5,090	5,181	4,991
Sub Total	16,311	18,554	16,188	14,881	16,571	15,283	17,379	17,928	17,550	17,921	19,215	20,505	19,251
Interest due	1,701	1,681	1,633	1,618	1,627	1,668	1,699	1,674	1,651	1,648	1,624	1,629	1,561
Total Gross A/R plus interest	\$ 18,012	\$ 20,235	\$ 17,821	\$ 16,499	\$ 18,198	\$ 16,951	\$ 19,078	\$ 19,602	\$ 19,201	\$ 19,569	\$ 20,839	\$ 22,134	\$ 20,812

#### Aged Accounts Receivable Focus of Collection Efforts

	Aug-23	Jul-23	Jun-23	May-23	April	March	Feb	Jan	Dec	Nov	Oct	Sept	Aug
	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
Greater than 60 days:													
A/R	\$ 9,380	\$ 9,431	\$ 9,116	\$ 9,154	\$ 9,502	\$ 10,121	\$ 11,020	\$ 11,172	\$ 10,864	\$ 10,820	\$ 10,879	\$ 11,378	\$ 10,956
Less: Multi-Tenants	(2,398)	(2,412)	(2,035)	(2,435)	(2,868)	(2,705)	(2,806)	(2,923)	(2,831)	(2,900)	(2,931)	(2,812)	(2,762)
Receiverships	(1,968)	(2,004)	(1,919)	(1,834)	(1,941)	(1,932)	(2,013)	(1,996)	(1,981)	(1,975)	(1,957)	(1,976)	(1,952)
Liens***	(1,446)	(1,457)	(1,423)	(1,583)	(1,703)	(1,778)	(1,793)	(1,835)	(1,867)	(1,808)	(1,803)	(2,069)	(2,105)
Total	\$ 3,568	\$ 3,558	\$ 3,739	\$ 3,302	\$ 2,990	\$ 3,706	\$ 4,408	\$ 4,418	\$ 4,185	\$ 4,137	\$ 4,188	\$ 4,521	\$ 4,137
	38%	38%	41%	36%	31%	37%	40%	40%	39%	38%	38%	40%	38%

#### Collection Efforts

	Aug-23	Jul-23	Jun-23	May-23	April	March	Feb	Jan	Dec	Nov	Oct	Sept	Aug
	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
Shuts *	\$ 55	\$ 75	\$ 65	\$ 115	\$ 95	\$ 167	\$ 48	\$ 51	\$ 61	\$ 80	\$ 143	\$ 1	\$ 2
Red Tags **	5	3	17	-	-	-	-	-	-	-	-	-	-
Receivers	33	24	33	47	60	48	71	2	44	64	34	47	27
Top 100 Collection Calls	28	29	20	5	21	41	25	216	-	-	39	119	834
Other <sup>(1)</sup>	865	940	993	1,177	1,507	1,517	1,429	1,346	1,550	1,665	1,890	1,227	576
Total	\$ 986	\$ 1,071	\$ 1,128	\$ 1,344	\$ 1,683	\$ 1,773	\$ 1,573	\$ 1,615	\$ 1,655	\$ 1,809	\$ 2,106	\$ 1,394	\$ 1,439

\* Number of shuts

129

199

134

328

212

292

106

134

150

198

295

3

1

\*\* Number of Red tags

22

15

28

-

-

-

-

-

-

-

-

-

-

\*\*\* June and July 2023 adjusted for identification of duplicate liens

## **MEMORANDUM**

**TO:**

David J. Borowy  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

**FROM:** Larry Bingaman

**DATE:** September 28, 2023

**SUBJECT:** Key Performance Indicator (KPI) Report for Fiscal 2024 First Quarter (June – August 2023)

---

Attached is the Key Performance Indicator (KPI) Report for Fiscal 2024 First Quarter (June – August 2023).

Fiscal 2024 KPI's are tracked quarterly and are essentially on target.

All initiatives sustain key strategies that connect back to the 2025 Strategic Plan and Fiscal 2024 objectives, and are based on the four perspectives of the Balanced Scorecard.

Attachment



Key Performance Indicators FY24 Q1 Update   September 28, 2023					
KPI Name	Level	Description	Status	FY24 Target	FY24 Q1 Commentary
Customer Satisfaction	Global	Maintain RWA’s Customer Satisfaction Index (CSI) at 91.8%.	<div></div>	91.8% CSI (+/- 4% margin of error)	Reconstituted survey instrument to reflect best practices and fielding approach used by other utilities, which will include outbound telephone surveys combined with a digital (email.URL) format. Survey will be fielded in the April-May 2024 timeframe to coincide with delivery of the annual water quality report. We are projecting to meet this target.
Safety	Global	Continue the safety journey toward achieving zero recordable injuries.	<div></div>	0 Recordable Injuries	There were three recordable injuries in Q1. We continue to work to reduce workplace hazards by researching best-in-class corporate safety practices and promote a culture of prevention and self care. Unfortunately, we will not meet this target.
Employee Engagement	Global	Foster an engaged workforce of productivity, enablement, innovation and collaboration by maintaining a best-in-class competitive turnover rate of 10% or less.	<div></div>	≤10% Competitive Turnover Rate	At end of Q1, the competitive turnover rate was 2.8%. We are projecting to meet this target.
Community Engagement	Global	Actively engage in the community through employee participation at 3 RWA-sponsored civic events to bolster brand image and maintain or exceed brand image index of 70.9%.	<div></div>	≥70.9% Brand Image Index	Cross-functional workgroup researching, identifying different community events to involve employees. CSI Survey, which will include brand image characteristics, will be fielded in the April-May 2024 timeframe. We are projecting to meet this target.
Service Training	Global	Conduct an employee service-assessment survey to establish a baseline with the goal of a 5% improvement within six months of training (FY25) all employees on a high-performance service culture to deliver outstanding internal and external service.	<div></div>	Service Assessment Baseline Survey and 100% Employees Trained	Cross-functional workgroup formed and meeting bi-weekly with consulting partner, Moran Consulting, on key deliverables; CEO communication disseminated. We are projecting to meet this target.
Cash Collections	Global	Meet 118% coverage with no shortfall.	<div></div>	≥118% Coverage	August billings lower than budget; taking steps to keep O&M under budget and reduce aged Accounts Receivables to ensure coverage is met. We are projecting to meet this target by the end of the fiscal year.
Capital Efficiency	Global	Ensure that at least 96% of capital budget benefits customers.	<div></div>	96% of Capital Budget	We are projecting to meet or exceed this target.
Operating Efficiency	Global	Identify at least \$750,000 in annualized operating efficiencies and savings.	<div></div>	\$750,000 in Savings	Cross-functional workgroup formed to identify and implement operating efficiencies and savings. We are projecting to meet this target.
Commercial Services Revenue	Executive	Achieve commercial net revenues of \$7.4M in FY24 to support overall target of \$9.2M for FY25.	<div></div>	\$7.4M in Revenue	Two new plumbing acquisitions approved with integration to follow. Continuing to advance four-pillar strategy, which includes WellSafe and PipeSafe expansion, lab enhancements, M&A and partnership opportunities. We are projecting to meet this target.
Water Quality	Executive	Maintain 100% compliance with drinking water standards by ensuring that 90% of disinfection by-product tests are at least 10% below maximum drinking water thresholds.	<div></div>	100% Compliance	There were no near-misses for THMs and HAAs during our last compliance sampling period. DBP research and management activities are ongoing. We are projecting to meet this target.
Unaccounted for Water	Executive	Reduce unaccounted for water leakage by 100MG, resulting in savings of approximately \$700,000.	<div></div>	100MG Reduction	Approximate 0.045% reduction in unaccounted for water in Q1. We are projecting to meet this target.
Confidential Information - For Board Use Only - Do not Redistribute					
Page 127 of 146					

**Representative Policy Board**  
**Dashboard Metric - 1Q FY24 - Revised Metrics**

Metrics	Quarter ended 8/31/22 (1Q FY 2023)	Quarter ended 5/31/23 (4Q FY 2023)	Quarter ended 8/31/23 (1Q FY 2024)
<b>Financial Metrics</b>			
<i>Coverage</i>	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw
	Projected: <b>1.16 w/o draw</b>	Projected: <b>1.41 w/o draw</b>	Projected: <b>1.14 w/o draw</b>
<i>Draw Requirement</i>	Budget: \$0 million	Budget: \$0 million	Budget: \$0 million
	Projected: <b>\$0 million</b>	Projected: <b>\$0 million</b>	Projected: <b>\$0 million</b>
<i>Capital Expenditures to Budget (Note 1)</i>	Budget: \$7.246 million	Budget: \$41.320 million	Budget: \$52.520 million
	Result: <b>\$5.616 million/10.3% of total fiscal year budget</b>	Result: <b>\$41.233 million/99.8% of total fiscal year budget</b>	Result: <b>\$8.032 million/15.3% of total fiscal year budget</b>
<i>Aged Account Receivables - Total Water (Note 2)</i>	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551
	Aug. 2022 : <b>\$8,951,804 (+34.4%)</b>	May. 2023 : <b>\$7,517,465 (+12.9%)</b>	Aug 2023 : <b>\$7,137,670 (+7.2%)</b>
<i>Aged Account Receivables - Residential (Note 2)</i>	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160
	Aug. 2022 : <b>\$8,449,516 (+44.9%)</b>	May. 2023 : <b>\$7,067,920 (+21.2%)</b>	August 2023 : <b>\$6,755,012 (+15.8%)</b>
<i>Pension Market Values (Note 3)</i>	Aug. Mkt Value: <b>\$66,527,775</b>	May 2023 Mkt. Value: <b>\$66,989,908</b>	Aug 2023 Mkt. Value: <b>\$68,995,451</b>
	June 2022 Mkt. Value: <b>\$63,189,971</b>	March 2023 Mkt. Value: <b>\$65,549,028</b>	June 2023 Mkt. Value: <b>\$68,894,215</b>
	June Return: <b>Negative 10.6% Cal</b>	May Return: <b>.15% Fiscal</b>	June Return: <b>8.85% Cal</b>
	Actuarial Return Assumption: <b>6.75%</b>	Actuarial Return Assumption: <b>6.75%</b>	Actuarial Return Assumption: <b>6.75%</b>


Representative Policy Board

Dashboard Metric - 1Q FY24 - Revised Metrics

Metrics	Quarter ended 8/31/22 (1Q FY 2023)	Quarter ended 5/31/23 (4Q FY 2023)	Quarter ended 8/31/23 (1Q FY 2024)
<b>System Metrics</b>			
<i>Average Daily Production (Draft) to Prior Year</i>	Prior Year: 53.416 MGD	Prior Year: 43.329 MGD	Prior Year: 55.730 MGD
	Result: <b>55.730 MGD</b>	Result: <b>43.680 MGD</b>	Result: <b>49.111 MGD</b>
<i>Disinfection By-products</i>	Target: 100%	Target: 100%	Target: 100%
	Result: <b>100%*</b>	Result: <b>100%*</b>	Result: <b>100%*</b>
	* As of June 30, 2022, updated	* As of March 31, 2023, updated	* As of June 30, 2023, updated
<i>Net Unaccounted For Water</i>	Target: 10.0%	Target: 10.0%	Target: 10.0%
<i>(annualized)</i>	Result: <b>13.85%</b> for the annualized	Result: <b>11.58%</b> for the annualized	Result: <b>11.65%</b> for the annualized
	period of June 2021 to May 2022	period of March 2022 to February 2023	period of June 2022 to May 2023
<i>Service Disruptions (Note 4): Due to Main Breaks</i>			
<i>Number of Disruptions</i>	Result: 11	Result: 5	Result: 4
<i>Number of Customers Impacted</i>	Result: 217	Result: 62	Result: 78
<i>Avg. Period Customers are w/o Water</i>	Target: 6	Target: 6	Target: 6
	Result: 3.9	Result: 2.1	Result: 3.44

**South Central Connecticut Regional Water Authority**  
90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020  
<http://www.rwater.com>

TO: David J. Borowy  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

FROM:  Rochelle Kowalski  
Vice President & Chief Financial Officer

DATE: September 22, 2023

SUBJECT: Quarterly financial statements for fiscal year 2024 (ending May 31, 2024)

---

Attached are the following financial reports regarding the first quarter of fiscal year 2024. i.e., the quarter ended August 31, 2023:

- Statements of net position as of August 31, 2023 and August 31, 2022;
- Schedules A-1 & A-2: Statements of revenues, expenses and changes in net position as of August 31, 2023, maintenance test, and commentary;
- Schedule B: Operating and maintenance expenses;
- Schedule C: Capital budget report;
- Schedule D: Investment earnings report - comparison of investment rates of return

The reports bulleted above incorporate the Authority's experience from June 2023 through August 2023. For the remainder of fiscal year 2024, the reports include the projections shown on schedules A-2 and B which use the assumptions explained below.

Section of page entitled "Three Months Ended August 31"

The figures shown present June through August 31 as well as comparative budget vs. actual results for the three months ended August 31, 2023.

Section of page entitled "Year Ending May 31, 2024"

The "budget" column is the budget for fiscal year 2024, as approved by the Five-Member Authority.

Assumption 1

The column labeled *Assumption 1* presents earned metered water revenues that reflect three months (June through August 2023) of consumption and nine months of budgeted consumption for (September 2023 through May 2024).

Other revenues and expenses shown in this column reflect three months of results and nine months, as projected.

Assumption 2

The column labeled *Assumption 2* projects consumption for the months of September 2023 through May 2024 at 5% below budget. Operating expense for "pump power" and chemicals for these same months is adjusted to reflect the 5% decrease.

Assumption 3

The column labeled *Assumption 3* projects consumption for the months of September 2023 through May 2024 at 10% below budget. Operating expense for "pump power" and chemicals for these same months is adjusted to reflect the 10% decrease.

Section of page entitled "Maintenance Test"

The maintenance test reflects the same three assumptions described above except that water sales are not accrued revenue, but cash collections from June through August 2023, plus projected cash collections for September 2023 through May 2024. Management assumes that the billings are collected over the course of twelve months.

### **Schedule B: Operating and Maintenance Expense**

This schedule provides details of the operating and maintenance expense through the first quarter of fiscal year 2024, as well as projections for September 2023 through May 2024 under the three assumptions presented above.

### **Schedule C: Capital Budget Report**

This schedule shows capital expenditures for June through August 2023, as well as projections for the full fiscal year 2024.

### **Schedule D: Interest Earned**

Compared here are “budgeted” versus “actual” interest rates earned on the Authority’s invested funds.

### **Attachments**



**REGIONAL WATER AUTHORITY  
STATEMENTS OF NET POSITION  
AS OF AUGUST 31, 2023 AND 2022**

<b>Assets</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Y/Y Variance</b>
<b>Utility plant</b>			
Property, plant and equipment in service	\$ 957,855,622	\$ 939,369,798	\$ 18,485,824
Accumulated depreciation	(431,496,795)	(409,628,195)	(21,868,600)
Utility plant in service	526,358,827	529,741,603	(3,382,776)
Land	28,038,091	27,993,743	44,348
Construction work in progress	44,805,661	23,130,658	21,675,003
Total utility plant, net	599,202,579	580,866,004	18,336,575
<b>Nonutility land, at cost</b>	<b>65,474,263</b>	<b>64,983,522</b>	<b>490,741</b>
<b>Goodwill</b>	<b>10,444,751</b>	<b>10,693,435</b>	<b>(248,685)</b>
<b>Current assets</b>			
Cash and cash equivalents	54,320,553	48,629,191	5,691,362
Investments	-	-	-
Accounts receivable, less allowance for doubtful accounts	12,439,286	16,119,083	(3,679,798)
Accrued revenue	11,690,095	11,105,440	584,656
Accrued interest receivable	179,307	77,798	101,509
Materials and supplies	2,805,780	2,082,152	723,627
Prepaid expenses and other assets	4,445,627	5,293,560	(847,933)
Total current assets	85,880,648	83,307,225	2,573,424
Note Receivable	500,000	500,000	-
Lease Receivable	1,359,662	1,484,773.0	(125,111)
Restricted assets	135,861,185	135,943,210	(82,025)
Regulatory assets	9,354,533	9,507,986	(153,453)
Total assets	908,077,621	887,286,155	20,791,466
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	13,732,332	14,921,354	(1,189,021)
Deferred charge on pension plans	5,245,851	2,881,429	2,364,422
Deferred charge on OPEB plans	2,040,448	1,821,926	218,523
<b>Total</b>	<b>\$ 929,096,253</b>	<b>\$ 906,910,863</b>	<b>\$ 22,185,390</b>

<b>Liabilities and Net Assets</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Y/Y Variance</b>
<b>Liabilities</b>			
Revenue bonds payable, less current portion	\$ 483,285,000	\$ 489,365,000	\$ (6,080,000)
Net premiums and discounts from revenue bonds payat	42,978,165	45,778,540	(2,800,375)
DWSRF loans payable, less current portion	23,690,745	25,162,085	(1,471,340)
Net pension liability	17,949,051	16,601,369	1,347,682
Net OPEB obligation	15,716,868	17,176,905	(1,460,037)
Lease Liability	90,065	119,570	(29,505)
Total noncurrent liabilities	583,709,894	594,203,469	(10,493,575)
<b>Current liabilities</b>			
Current portion of revenue bonds payable	23,905,000	22,565,000	1,340,000
Current portion of DWSRF loans payable	1,409,430	1,319,633	89,796
Accounts payable	4,236,683	3,796,084	440,600
Notes payable	50,500	50,500	-
Customer deposits and advances	1,419,967	1,311,437	108,530
Current Lease Liability	29,505	29,505	-
Other accrued liabilities	7,614,907	7,363,253	251,654
Total current liabilities	38,665,992	36,435,411	2,230,580
<b>Liabilities payable from restricted assets</b>			
Accounts payable for construction	2,159,079	2,446,828	(287,749)
Accrued interest payable	1,855,204	1,833,130	22,074
Customer deposits and advances	1,316,505	1,287,500	29,006
Total liabilities payable from restricted assets	5,330,788	5,567,457	(236,670)
Other liabilities	-	11,000	(11,000)
Total liabilities	627,706,673	636,217,337	(8,510,665)
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	291,029	-	291,029
Deferred inflows related to OPEB	4,251,728	3,783,515	468,213
Deferred inflows related to Leases	1,419,574	1,513,930	(94,356)
<b>Net Position</b>			
Invested in capital assets, net of related debt	112,611,292	98,917,772	13,693,520
Restricted assets	121,509,323	108,192,984	13,316,339
Unrestricted assets	61,306,634	58,285,325	3,021,310
Total net assets	295,427,250	265,396,081	30,031,169
<b>Total liabilities and net assets</b>	<b>\$ 929,096,253</b>	<b>\$ 906,910,863</b>	<b>\$ 22,185,390</b>

**REGIONAL WATER AUTHORITY**  
**REVIEW OF FINANCIAL DATA**  
**August 31, 2023 (FY 2024)**

**SCHEDULE A-1 - COMMENTARY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**Operating Revenues**

FY23 revenue for water, including wholesale and fire service, is under budget by \$1,258k (approx. 3.3%).  
Metered water revenue is under budget by \$1,227k (approx. 3.6%).

Total net other revenue is \$321k over budget primarily due to other water revenues being higher and other proprietary expense being lower than budget.

**Operating Expenses**

Operating and Maintenance Expenses are currently under budget due to the following:

Payroll is under budget primarily due to head count under runs, partially offset by O&M/non-O&M mix.	\$	(104,000)
Employee Benefits are over budget primarily due to medical and O&M/non-O&M mix.		159,000
Administrative Building is under budget primarily due to lower telecommunications related expense.		(54,000)
Utilities & Fuel is under budget primarily due to the timing of the sewer use charges.		(123,000)
Pump Power is under budget primarily due to weather related lower production.		(190,000)
Chemicals Expense is under budget due to timing and lower production.		(97,000)
Road Repairs are under budget primarily due to timing.		(53,000)
Postage is under budget primarily due to timing.		(125,000)
Collection Expense is under budget primarily due to lower year-to-date bank fees and collection related expenses, including higher than budgeted rebilling.		(116,000)
Business Improvement is under budget primarily due to timing.		(57,000)
Outside Services is running under budget in multiple areas.		(294,000)
Training and continued education is under budget primarily due to timing.		(67,000)
Info. Technology Licensing & Maintenance Fees are under budget primarily due to timing.		(141,000)
All Other		(31,000)
		<u>(1,293,000)</u>

**Interest Income**

Interest Income is above budget primarily due to higher investment earnings.

**PROJECTED MAINTENANCE TEST**

The projected coverage is 1.14 with no shortfall.



**REGIONAL WATER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE MONTHS ENDING AUGUST 31, 2023**

Schedule A-1

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2024</b>	<b>(Under)Over</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Operating revenues</b>				
Metered water revenues	\$ 33,339	\$ 34,004	\$ 32,777	\$ (1,227)
Fire service	3,255	3,376	3,352	(24)
Wholesale	319	249	243	(6)
Other revenue - water	1,090	1,026	1,236	210
Other revenue - proprietary	2,440	2,863	2,841	(22)
Total operating revenues	40,443	41,519	40,449	(1,070)
<b>Operating expenses</b>				
Operating and maintenance expense	13,913	17,471	16,178	(1,293)
Expense associated with other revenue - water	531	540	541	1
Expense associated with other revenue - proprietary	991	1,098	963	(135)
Provision for uncollectible accounts	41	150	43	(107)
Depreciation	6,033	6,075	6,075	-
Payment in lieu of taxes	2,211	2,305	2,302	(4)
Amortization Pension Outflows/Inflows	635	361	361	0
Amortization OPEB Outflows/Inflows	(150)	(213)	(213)	(0)
Total operating expenses	24,206	27,786	26,250	(1,537)
Operating income	16,237	13,733	14,199	467
<b>Nonoperating income and (expense)</b>				
Interest income	1,187	1,943	2,628	686
(Loss) Gain on disposal of assets		(375)	-	375
Realized and unrealized (losses) gains on investments			-	-
Interest expense	(5,696)	(5,590)	(5,561)	28
Amortization of bond discount, premium, issuance cost and deferred losses	790	716	717	1
Amortization of Goodwill			-	-
Intergovernmental revenue	490		-	-
Contributions to related entities			-	-
Total nonoperating income and (expense) before capital contributions	(3,230)	(3,306)	(2,216)	1,090
Income (expense) before contributions	13,007	\$ 10,427	11,983	\$ 1,557
<b>Capital contributions</b>	400		(0)	
Change in net assets	13,407		11,983	
Total net assets - beginning of fiscal year	251,989		283,445	
Total net assets - end of reporting month	\$ 265,396		\$ 295,427	

	<b>Budget</b>	<b>Projected</b>	<b>(Under)Over</b>
	<b>FY 2024</b>	<b>FY 2024</b>	<b>FY 2024</b>
	<b>@114%</b>	<b>@114%</b>	<b>@114%</b>
<b>FY 2024 MAINTENANCE TEST</b>			
<b>(Budget vs. Projected)</b>			
Revenue Collected:			
Water-sales	129,136	126,136	(3,000)
Interest Income	3,371	4,871	1,500
BABs Subsidy	657	657	-
Other Net	8,468	8,468	-
Common Non-Core	(375)	(375)	-
Total	141,257	139,757	(1,500)
Less:			
Operating and maintenance expenses	(69,318)	(68,487)	831
Depreciation	(8,875)	(8,875)	-
PILOT (A)	(9,100)	(9,050)	50
Net Avail for Debt Service (B)	\$ 53,964	\$ 53,345	\$ (619)
Debt Service Payments (C)	\$ 47,207	46,793	\$ (414)
Debt Service @ 114% (D)	\$ 53,816	53,344	\$ (472)
Difference (B-D)	\$ 148	\$ 0	
RSF, Growth and/or General Fund (D)	-		
Coverage	114%	114.0%	

REGIONAL WATER AUTHORITY  
Fiscal Year 2024  
(\$000 Omitted)

SCHEDULE A-2

STATEMENTS OF REVENUES, EXPENSES

AND CHANGES IN NET ASSETS

	Three Months Ending August 31				Twelve Months Ending May 31			
	FY 2023	FY 2024	FY 2024	(Under)Over	Budget	Projection	Projection - Consumption 5% Below	Projection - Consumption 10% Below
	Actual	Budget	Actual	Budget		Assumption 1	Assumption 2	Assumption 3
<b>Operating Revenues</b>								
Metered Water Revenues	\$ 33,339	\$ 34,004	\$ 32,777	\$ (1,227)	\$ 116,178	\$ 114,951	\$ 112,159	\$ 109,370
Fire Service	3,255	3,376	3,352	(24)	13,629	13,605	13,605	13,605
Wholesale Water	319	249	243	(6)	996	990	990	990
Other revenue - water	1,090	1,026	1,236	210	3,871	3,871	3,871	3,871
Other revenue - proprietary	2,440	2,863	2,841	(22)	11,367	11,367	11,367	11,367
Total Operating Revenues	40,443	41,519	40,449	(1,070)	146,041	144,784	141,992	139,202
<b>Operating Expenses</b>								
Operating and Maintenance	13,913	17,471	16,178	(1,293)	69,318	68,487	68,266	68,045
Expenses associated with other revenue-water	531	540	541	1	2,124	2,124	2,124	2,124
Expenses associated with other revenue-proprietary	991	1,098	963	(135)	3,989	3,989	3,989	3,989
Provision for uncollectible accounts	41	150	43	(107)	600	600	600	600
Depreciation	6,033	6,075	6,075	-	24,600	24,600	24,600	24,600
Payment in lieu of taxes	2,211	2,305	2,302	(4)	9,100	9,050	9,050	9,050
Amortization Pension Outflows/Inflows	635	361	361	0	1,235	1,235	1,235	1,235
Amortization OPEB Outflows/Inflows	(150)	(213)	(213)	(0)	(915)	(915)	(915)	(915)
Total Operating Expenses	24,206	27,786	26,250	(1,537)	110,051	109,170	108,949	108,728
Operating Income	16,237	13,733	14,199	467	35,990	35,613	33,043	30,474
<b>Nonoperating income and (expense)</b>								
Interest Income	1,187	1,943	2,628	686	7,406	8,406	8,406	8,406
(Loss)/Gain on disposal of assets	-	(375)	-	375	(1,500)	(1,500)	(1,500)	(1,500)
Interest Expense	(5,696)	(5,590)	(5,561)	28	(22,070)	(21,817)	(21,817)	(21,817)
Amortization of bond discount, premium issuance cost and deferred losses	790	716	717	1	2,809	2,809	2,809	2,809
Amortization of Goodwill	-	-	-	-	(249)	(249)	(249)	(249)
Intergovernmental revenue	490	-	-	-	-	441	441	441
Contributions to/from related entities	-	-	-	-	-	-	-	-
Total nonoperating income & (expense)	(3,230)	(3,306)	(2,216)	1,090	\$ (13,605)	\$ (11,910)	\$ (11,910)	\$ (11,910)
(Expense) income before contributions	13,007	\$ 10,427	11,983	\$ 1,557	\$ 22,386	\$ 23,703	\$ 21,133	\$ 18,564
<b>Capital contributions</b>								
Change in net assets	13,407	-	11,983	-	-	-	-	-
Total net assets - beginning of fiscal year	251,989	-	283,445	-	-	-	-	-
Total net assets - end of reporting month	\$ 265,396	-	\$ 295,427	-	-	-	-	-

MAINTENANCE TEST

	Twelve Months Ending May 31			
	Budget	Projection Assumption 1	Projection - Consumption 5% Below Assumption 2	Projection - Consumption 10% Below Assumption 3
<b>Revenue Collected:</b>				
Water Sales	\$ 129,136	\$ 126,136	\$ 123,657	\$ 121,177
Interest Income	3,371	4,871	4,871	4,871
BABs Subsidy	657	657	657	657
Other Net	8,468	8,468	8,468	8,468
Common Non-Core	(375)	(375)	(375)	(375)
Total	141,257	139,757	137,278	134,798
<b>Less:</b>				
Operating and Maintenance Expenses	(69,318)	(68,487)	(68,266)	(68,045)
Depreciation	(8,875)	(8,875)	(8,875)	(8,875)
PILOT (A)	(9,100)	(9,050)	(9,050)	(9,050)
Net Avail for Debt Service (B)	53,963	53,345	51,087	48,828
Debt service payments (C)	\$ 47,207	\$ 46,793	\$ 46,793	\$ 46,793
Debt Service @ 114% (D)	\$ 53,816	\$ 53,344	\$ 53,344	\$ 53,344
Difference (B-D)	\$ 148	\$ 0	\$ (2,258)	\$ (4,517)
RSF, Growth and/or General Fund (D)	\$ -	\$ -	-	-
Coverage	114%	114%	109%	104%
Required Coverage	114%	114%	114%	114%

REGIONAL WATER AUTHORITY  
OPERATING AND MAINTENANCE EXPENSES  
Fiscal Year 2024  
(\$000 Omitted)

SCHEDULE B

TWELVE MONTHS ENDING MAY 31				
	FY 2023	FY 2024	FY 2024	(Under)
	Actual	Budget	Actual	Over
1 Payroll	\$ 5,964	\$ 6,317	\$ 6,214	\$ (104)
2 Employee Benefits Allocation	1,663	1,928	2,087	159
Pension	667	965	965	-
3 Administrative Building Space Allo	212	284	230	(54)
4 General & Administrative	222	394	394	1
5 Transportation Allocation	122	234	202	(32)
6 Tools & Stores Allocation	42	88	78	(10)
7 Utilities & Fuel	269	433	310	(123)
8 Material From Inventory	61	84	81	(4)
9 Pump Power Purchased	773	923	733	(190)
10 Chemicals	737	1,136	1,039	(97)
11 Road Repairs	53	81	28	(53)
14 Postage	57	125	(1)	(125)
15 Printing & Forms	7	21	13	(8)
17 Collection Expense	237	364	247	(116)
18 Business Improvement	6	98	41	(57)
19 Public/Customer Information	36	40	69	29
20 Outside Services	644	1,270	976	(294)
21 Insurance Premiums	352	420	452	32
22 Worker's Compensation, pre-Churc	10	11	(2)	(13)
23 Damages	5	17	3	(15)
24 Training & Cont. Education	16	159	92	(67)
25 Authority Fees	33	43	24	(18)
26 Consumer Counsel	9	15	15	(0)
27 RPB Fees	36	42	27	(16)
28 Organizational Dues	48	33	16	(17)
29 Donations	4	5	5	(0)
34 Central Lab/Water Quality	8	93	91	(2)
40 Environmental Affairs	14	23	31	8
44 Info. Technology Licensing &				
Maintenance Fees	661	882	741	(141)
45 Maintenance and Repairs	872	884	921	37
46 Regulatory Asset Amortization	69	58	58	0
	<u>\$ 13,913</u>	<u>\$ 17,470</u>	<u>\$ 16,178</u>	<u>\$ (1,293)</u>

YEAR ENDED MAY 31, 2023				
Budget	Assump 1	Assump 2	Assump 3	
25,687	25,512	25,512	25,512	
7,714	7,714	7,714	7,714	
3,858	3,858	3,858	3,858	
1,088	1,088	1,088	1,088	
1,613	1,613	1,613	1,613	
949	949	949	949	
342	342	342	342	
1,653	1,653	1,653	1,653	
333	333	333	333	
2,970	2,880	2,779	2,678	
3,540	3,490	3,370	3,250	
324	324	324	324	
498	498	498	498	
76	76	76	76	
1,444	1,328	1,328	1,328	
541	541	541	541	
308	308	308	308	
5,155	4,905	4,905	4,905	
1,699	1,699	1,699	1,699	
47	47	47	47	
70	70	70	70	
523	523	523	523	
170	170	170	170	
60	60	60	60	
169	169	169	169	
126	126	126	126	
37	37	37	37	
420	420	420	420	
119	119	119	119	
-	-	-	-	
3,603	3,553	3,553	3,553	
3,949	3,849	3,849	3,849	
231	231	231	231	
<u>\$ 69,318</u>	<u>\$ 68,487</u>	<u>\$ 68,266</u>	<u>\$ 68,045</u>	

SCHEDULE C  
QTR 1

	Period Ending August 31, 2023			Period Ending May 31, 2024		
	Budget	Expenditures	(Under)/Over	Budget	Projected	(Under)/Over
<b>I. NATURAL RESOURCES</b>						
Watershed Protection	20	2	(18)	100	320	220
Land Management	5	0	(5)	20	20	-
Lake Whitney Dam & Spillway Improvements	100	78	(22)	1,500	1,280	(220)
Prospect Dam Improvements	15	7	(8)	500	500	-
Peat Swamp Dam Modifications	-	2	2	100	100	-
Tunnel Diversion Raw Water Main Rehabilitation Program	90	98	8	517	517	-
Bridge Refurbishments	-	2	2	50	50	-
Miscellaneous Natural Resources	105	69	(36)	267	267	-
Prior Year	-	-	-	-	-	-
<b>TOTAL</b>	<b>335</b>	<b>259</b>	<b>(76)</b>	<b>3,053</b>	<b>3,053</b>	<b>-</b>
<b>II. TREATMENT</b>						
Filter Media Replacement	292	312	20	1,090	1,090	-
Treatment Plant Graphics Upgrades	75	122	47	750	750	-
LGWTP Local Control Console Upgrade	25	-	(25)	435	435	-
LGWTP - Clarifiers Recycle & Building Improvements	178	429	251	3,429	3,429	-
LGWTP-raw Water Flow Control Valve Replacement	-	-	-	12	12	-
LGWTP Sodium Hypochlorite Tanks Replacement	16	-	(16)	16	16	-
LGWTP Improvements	25	22	(3)	200	200	-
LSWTP Electrical Upgrades	20	35	15	250	250	-
LGWTP Electrical Upgrades	20	8	(12)	250	250	-
LGWTP Filter Underdrain Replacement	-	-	-	1,600	1,600	-
LSWTP - Chemical Treatment System Improvements	280	199	(81)	995	995	-
LWWTP Ozone and DAF Controls	6	11	5	976	976	-
LWWTP Chemical Feed Improvements	10	15	5	231	231	-
LSWTP HVAC Upgrades	-	13	13	235	235	-
LSWTP Improvements - Gravity Thickener	-	3	3	140	140	-
WRWTP Improvements (Dissolved Air Flotation, Electrical, Chemical)-	-	-	-	-	-	-
DWSRF	1,160	872	(288)	3,720	3,720	-
SSG Wellfield Facility Improvements	150	52	(98)	330	330	-
Seymour Wellfield Generator Replacement	25	(2)	(27)	550	550	-
Wellfield Facility Improvements - Derby	11	6	(5)	1,308	1,308	-
Well Rehabilitation Program	-	7	7	350	350	-
Future Regulatory Treatment Compliance	-	-	-	200	200	-
Treatment Facility Roof Replacements	-	-	-	150	150	-
Green Bond Projects - Treatment	-	-	-	-	-	-
LGWTP-HVAC Upgrades	22	1	(21)	2,460	2,460	-
Water Treatment Plant Valve Replacement Program	57	(1)	(58)	683	683	-
Miscellaneous Treatment	55	-	(55)	55	55	-
Prior Year	-	35	35	-	-	-
<b>TOTAL</b>	<b>2,398</b>	<b>2,138</b>	<b>(260)</b>	<b>20,016</b>	<b>20,016</b>	<b>-</b>
<b>III. TRANSMISSION AND DISTRIBUTION</b>						
Pipe	1,384	1,400	16	5,289	5,289	-
Northern Service Area Expansion	-	167	167	800	800	-
Valve Replacements	62	98	36	250	250	-
Service Connections	450	722	272	1,800	1,800	-
Capital Pipe Service Connections	100	178	78	300	300	-
Meters	113	45	(68)	450	450	-
Hydrants and Connections	35	23	(12)	125	125	-
Lead Service Line Replacements	-	46	46	750	750	-
Sanitary Survey Improvements	-	-	-	2	2	-
Service Area Improvements - East West Transmission System	-	-	-	200	200	-
Totoket Road Transmission Main	-	-	-	50	50	-
Raw Water/Transmission Main Replacement & Redundancy	5	-	(5)	150	150	-
State Street Pipe Bridge	-	-	-	12	12	-
Pipe Bridge Rehabilitation Program	-	16	16	311	311	-
Meriden Bi-Directional Interconnection	-	-	-	90	90	-
Ansonia-Derby Tank	1,083	252	(831)	2,500	2,500	-
North Branford Tank Structural Improvements & Additional Tank	15	4	(11)	550	550	-
Yerk Hill Tank No. 1 Painting & Stairs	-	-	-	102	102	-
Storage Tank DBP Compliance	-	-	-	200	200	-
Variable Frequency Drive Replacement Program	10	5	(5)	150	150	-
Raynham Hill Pump Station Improvements	5	(2)	(7)	150	150	-
Critical Pump Station & Transmission Facilities Upgrades	50	27	(23)	250	250	-
Spring Street Pump Station Replacement	15	1	(14)	463	463	-
Burwell Hill Pump Station Equipment Replacement	55	90	35	205	205	-
Pump Station Generator Replacements	35	10	(25)	608	608	-
Pump Station Roof Replacements	-	-	-	190	190	-
Pump Station Bypass Improvements	-	-	-	100	100	-
Route 80 Throttling Valve Relocation	-	(9)	(9)	200	200	-
Bulk Fills Stations	-	3	3	25	-	(25)
Water Quality Improvements Program	2	14	12	150	150	-
Miscellaneous Transmission & Pumping	-	6	6	135	141	6
Prior Year	-	7	7	-	7	7
<b>TOTAL</b>	<b>3,419</b>	<b>3,113</b>	<b>(306)</b>	<b>16,696</b>	<b>16,684</b>	<b>(12)</b>

**SCHEDULE C**  
**QTR 1**

	Period Ending August 31, 2023			Period Ending May 31, 2024		
	Budget	Expenditures	(Under)/Over	Budget	Projected	(Under)/Over
<b>V. GENERAL PLANT</b>						
Work & Asset Management Solutions (Formerly InforEAM GIS Data Int)	-	-	-	50	50	-
UMS Business Enhancements	5	20	15	30	30	-
AMI Software Business Enhancements	30	-	(30)	30	30	-
CIS (Customer Information Services)	1,246	1,175	(72)	7,824	7,824	-
Innovation						
Business Analytics Platform	50	-	(50)	200	200	-
Customer Channels Sales Marketing	25	-	(25)	100	100	-
Robotic Process Automation/Machine Learning/AI	25	-	(25)	100	100	-
Cyber Security Enhancements	20	-	(20)	110	110	-
SCADA	25	21	(4)	120	120	-
Information Systems	61	47	(14)	693	693	-
Miscellaneous Information Systems	48	81	33	385	360	(25)
Equipment	929	1,064	135	2,385	2,385	-
Miscellaneous Equipment	32	-	(32)	119	99	(20)
90 Sargent Drive	87	17	(70)	620	620	-
Miscellaneous 90 Sargent Drive	50	60	10	110	110	-
Prior Year	-	38	38	-	38	38
<b>TOTAL</b>	<b>2,633</b>	<b>2,523</b>	<b>(111)</b>	<b>12,786</b>	<b>12,748</b>	<b>(7)</b>
<b>SUB-TOTAL</b>	<b>8,785</b>	<b>8,032</b>	<b>(753)</b>	<b>52,521</b>	<b>52,501</b>	<b>(19)</b>
<b>V. CONTINGENCY</b>	-	-	-	448	-	(448)
<b>V. PROJECT RESERVE</b>	-	-	-	1,969	-	(1,969)
<b>SUB-TOTAL</b>	-	-	-	<b>2,417</b>	-	<b>(2,417)</b>
<b>VI. STATE &amp; REDEVELOPMENT PIPE</b>	<b>500</b>	<b>269</b>	<b>(231)</b>	<b>3,000</b>	<b>3,000</b>	-
<b>VI. COMMERCIAL</b>	-	-	-	100	100	-
<b>TOTAL</b>	<b>9,185</b>	<b>8,300</b>	<b>(884)</b>	<b>58,037</b>	<b>55,601</b>	<b>(2,436)</b>

Investment Earnings Report  
Comparison of Investment Rates of Return

<b>Fund Type</b>	<b>Balance @ August 31, 2023</b>	<b>Budgeted Return</b>	<b>Rate of Return August 31, 2023</b>	<b>Rate of Return Fiscal Year to Date</b>
<b><u>Less than Six Months</u></b>				
Revenue Investment (A)	\$ 24,826,417	3.50%	5.34%	5.22%
Revenue (B)	3,708,946	0.00%	0.87%	0.32%
Revenue Investment (C)	31,565	3.50%	4.79%	4.71%
Rate Stabilization (A)	10,000,000	3.50%	5.34%	5.22%
Operating Reserve (A)	11,108,520	3.50%	5.34%	5.22%
Capital Contingency (A)	5,575,835	3.50%	5.34%	5.22%
Debt Reserve (A)	7,037,294	3.50%	5.34%	5.22%
Debt Reserve (C)	927	3.50%	4.79%	4.71%
Debt Service (A)	4,456,482	3.50%	5.34%	5.22%
Debt Service (C)	130,500	3.50%	4.79%	4.71%
PILOT (A)	2,901,393	3.50%	5.34%	5.22%
General Fund (A)	12,728,128	3.50%	5.34%	5.22%
<b>Sub-Total</b>	<b>\$ 82,506,007</b>			
<b><u>Long Term Investments</u></b>				
Operating Reserve	\$ 500,000	0.51%	0.51%	0.51%
Capital Contingency	500,000	0.38%	0.38%	0.38%
Debt Reserve	15,252,612	2.21%	2.37%	2.37%
<b>Sub-Total</b>	<b>\$ 16,252,612</b>			
<b><u>Other</u></b>				
Construction (A)	\$ 77,469,459	3.50%	5.34%	5.22%
Construction (C)	7	3.50%	4.79%	4.71%
Construction (E)	20,205	0.00%	0.00%	0.00%
Growth Fund (D)	11,969,619	0.00%	2.29%	1.67%
Interim Financing	912	0.00%	2.27%	1.61%
<b>Sub-Total</b>	<b>\$ 89,460,203</b>			
<b>Total</b>	<b>\$ 188,218,822</b>			

(A) Investments are in the Connecticut Short Term Investment Fund (STIF).

(B) Reflects sweep product with balances fully insured. Balances earn credits to offset bank fees.  
 Percentage based on month-end book balance.

(C) Invested in the First American Government Fund.

(D) Balance includes interest earnings.

(E) Cash Balance as of August 31, 2023.

<b>Fund</b>	<b>Budgeted Interest (Cash Basis) as of August 31, 2023</b>	<b>Interest Received (Cash Basis) as of August 31, 2023</b>	<b>(Under)/ Over</b>
Debt Reserve	112,750	150,383	37,633
Operating Reserve	90,854	135,829	44,975
Capital Contingency (1)	49,873	48,051	(1,822)
PILOT	32,669	48,256	15,587
Debt Service	273,131	395,840	122,709
Revenue	107,528	241,799	134,271
Rate Stabilization	89,444	131,525	42,081
General	117,406	160,639	43,233
Sub Total	873,655	1,312,322	438,667
Construction	647,214	790,556	143,342
Growth Fund	-	34,371	34,371
Interim Financing	-	3	3
Total	1,520,869	2,137,252	616,383

(1) Anticipated June 1 interest payment was paid on May 31, 2023.

## RPB COMMITTEE MEETINGS

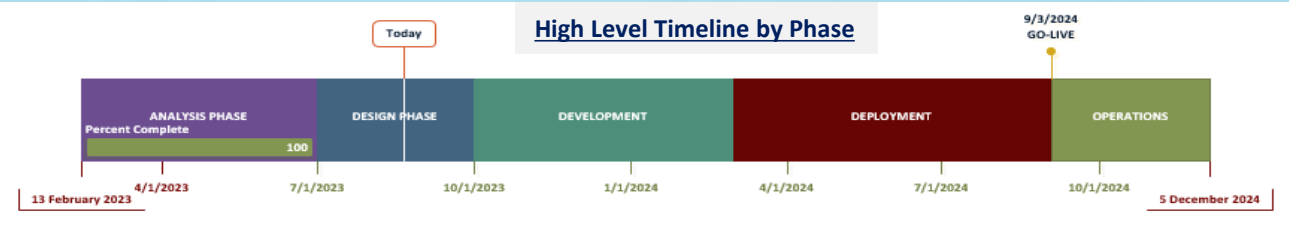
Month	Meeting	Will Attend
<b>July 2023</b>	<i>Land Use Committee – (North Branford)</i> Wednesday, July 12 at 5:30 p.m.	Catherine
	<i>Finance Committee (Special Meeting) - (Remote Only)</i> Thursday, July 13 at 5:00 p.m.	Kevin
	<i>Consumer Affairs Committee - (Remote Only)</i> Monday, July 17 at 5:30 p.m.	Suzanne
<b>August 2023</b>	<i>Finance Committee (Remote Only)</i> Monday, Aug. 14 at 5:00 p.m.	Kevin
	<i>Land Use Committee (In Person Only – Derby Tank)</i> Wednesday, Aug. 9 at 5:30 p.m.	Catherine
	<i>Consumer Affairs Committee (Remote Only)</i> Monday, Aug. 21 at 5:30 p.m.	Mario
<b>Sept. 2023</b>	<i>Finance Committee (Remote Only)</i> Monday, Sept. 11 at 5:00 p.m.	Suzanne
	<i>Land Use Committee (In Person Only – 90 Sargent Drive, New Haven)</i> Wednesday, Sept. 13 at 4:30 p.m.	Kevin
	<i>Consumer Affairs Committee (Remote Only)</i> Monday, Sept. 18 at 5:30 p.m.	Catherine



## RPB COMMITTEE MEETINGS

Month	Meeting	Will Attend
<b>October 2023</b>	<i>Finance Committee – (Remote Only)</i> Monday, Oct. 2 at 5:00 p.m.	
	<i>Land Use Committee - (In-person Only – Lake Saltonstall, Branford)</i> Wednesday, Oct. 11 at 4:30 p.m.	
	<i>Consumer Affairs Committee - (Remote Only)</i> Monday, Oct. 16 at 5:30 p.m.	
<b>November 2023</b>	<i>Land Use Committee (In Person Only – 90 Sargent Drive)</i> Wednesday, Nov. 8 at 5:30 p.m.	
	<i>Finance Committee (Remote Only)</i> Monday, Nov. 13 at 5:00 p.m.	
	<i>Consumer Affairs Committee (Remote Only)</i> Monday, Nov. 20 at 5:30 p.m.	
<b>December 2023</b>	<i>Finance Committee (Remote Only)</i> Monday, Dec. 11 at 5:00 p.m.	
	<i>Land Use Committee (In Person Only – 90 Sargent Drive)</i> Wednesday, Dec. 13 at 5:30 p.m.	
	<i>Consumer Affairs Committee (Remote Only)</i> Monday, Dec. 18 at 5:30 p.m.	

# CIS/RWAY



## CIS/RWAY Project Health Indicators

Schedule	!	Completion Target Q3 2024	Capital Budget	✓	~\$14.8M (B)	FY24 Spend	✓	~\$7.9M	Scope	✓	+ Omni-Channel
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### Accomplishments

- Project RWAY Kickoff 02/13
- Analysis Phase COMPLETE on 07/13.
- Project Communications, Resource, & Decision Process Flow Frameworks Established
- Project RACI (Responsible, Accountable, Consulted, Informed) Complete
- **Analysis Phase Final Gap List Reviews and True-ups complete.**
- Design Phase In Progress.
  - Continued Design workshops including Dunning, Reports and Notices
  - Data Mapping & Conversion – continued ETL-2 entities transformation
  - OCM Plan - Design Phase Readiness on track
  - Provisioning of Dev and Training Environments complete
  - Continued ALM DevOps Configuration
  - **Completed UMAX Overview & Training on ALM (Application Lifecycle Management, the system for tracking and resolving defects)**

### Current Activities

- Continue Design workshops
- Continue Data Mapping & Conversion activities with ETL2
- Continue with UMAX Configuration Work
- Capacity and Demand Management Reviews
- **Finalize Design decisions, reports, and notices for Bill Due Date & Interest Policy**
- Continue Data Migration Design

### Decisions, Risks & Issues

- Key Decisions
  - Great Plains will perform Credit Refunds
  - **Commercial Services stakeholders closed design decisions**
  - **OMNI channel included in scope for capital efficiencies.**
- Key Risks – Mitigation Plans Underway
  - Data Archive (Historical Data) POC is in progress. Scope and Approach need to be assessed based on POC outcomes
  - **Design Deliverables Acceptance schedule. Mitigations are being worked out to close ADI's.**
- Key Issues
  - None

### Next Steps: Design Phase

- Finalize UMAX Configurations
- Finalize Data Migration Design
- Functional Design of Gaps (Omni-Channel, Write-Off Automation, Commercial)
- Integration Design
- Infrastructure Design
- UMAX Training for Core Team

#### Legend:



On Schedule



At Risk



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B=Budgeted; A=Actual

**South Central Connecticut Regional Water Authority  
Commercial Business Committee  
Minutes of the June 22, 2023 Special Meeting**

The special meeting of the South Central Connecticut Regional Water Authority Commercial Business Committee took place on Thursday, June 22, 2023 at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chairman Curseaden presided.

Present: Committee – Messrs. Curseaden and Borowy, and Mss. LaMarr and Sack  
Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, and Singh  
RPB: Ms. Campbell and Mr. Ricozzi  
Staff – Mrs. Slubowski

The Chair called the meeting to order at 3:45 p.m.

On motion made by Ms. LaMarr, seconded by Mr. Borowy, and unanimously carried, the committee voted to approve the minutes of its March 23, 2023 meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

Mr. Singh, the RWA's Chief Information Digital Officer & Vice President of Customer Care, reported that there were no significant changes to the Committee charter from last year.

Ms. LaMarr requested that following language be added to item #3:

*"...and ensure compliance with laws, policy and contractual obligations."*

After discussion, on motion made by Mr. Borowy, seconded by Ms. LaMarr, and unanimously carried, the Committee voted to adopt the charter with the suggested revision. The Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

Mr. Bingaman, the RWA's President & Chief Executive Officer, stated management would provide a high-level overview of activities over the past year, and discuss products and markets. Once completed, the Committee should vote to go into executive session to discuss confidential details. He reminded members that the purpose of the commercial enterprise is to generate additional funds to invest in the RWA's utility infrastructure.

Mr. Donovan, the RWA's Director of Business Development, provided an update, which included:

- Commercial Enterprise Strategy
- Highlights to Date
- Products and Markets
- Key Next Steps

At 3:53 p.m., Ms. Campbell withdrew from the meeting and on motion made by Mr. Borowy, seconded by Ms. Sack, and unanimously carried, the Committee voted to convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B) pertaining to commercial

and financial information. Present in executive session were Committee members, Mss. Kowalski, Calo, and Slubowski, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, Ricozzi, and Singh.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

At 5:00 p.m., the Committee came out of executive session, and on motion made by Mr. Borowy, seconded by Ms. LaMarr, and unanimously carried, the meeting adjourned.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

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Kevin Curseaden, Chairman