Regional Water Authority

2026 Annual Report



All day, every day, more than 430,000 people depend on RWA to provide safe, high-quality drinking water that we're proud to deliver. RWA boasts a nearly 200-year legacy built on service, innovation, and trust. The company began operations in 1849 as New Haven's first public water provider and today supplies water and fire protection to 15 communities in south central Connecticut.

Financial Highlights

	Fiscal 2026	Fiscal 2025
Total Operating Revenues	$ 166,215,418	$ 161,417,789
Total Operating Expenses	$ 123,518,605	$ 119,254,337
Total Operating Income	$ 42,696,813	$ 42,163,452
Total Nonoperating Expenses	$ 3,423,531	$ 8,625,104
Capital Contributions	$ 8,435,670	$ 3,689,475
Change in Net Position	$ 47,708,952	$ 37,227,823
Net Position at Beginning of Year	$ 363,730,759	$ 326,502,936
Net Position at End of Year	$ 411,439,711	$ 363,730,759

Powering Our Community's Health and Growth

All Day. Every Day.

For over 175 years, the South Central Connecticut Regional Water Authority (RWA) has been the silent engine behind our community's health and growth. At the heart of our operations is a commitment to providing uninterrupted, high-quality water service. Whether it is used for cooking, cleaning, or well-being, we recognize the vital role water plays in our customers' lives. We proudly deliver this essential service morning, noon, and night through robust infrastructure and a passionate team.

Operational and Infrastructure Resilience

System Integrity

In fiscal 2026, RWA continued its commitment to resilient infrastructure by investing $50 million into our multi-year Capital Improvement Program (CIP). Key upgrades to treatment facilities, distribution pipelines, and storage tanks enhance operational efficiency, meet regulatory standards, and secure long-term water safety and reliability for our consumers and the communities we serve.

Securing our physical assets is only half the battle in achieving total system resilience; we must also protect the digital networks that manage them. As our treatment facilities and pipelines undergo continuous modernization, safeguarding our control systems against digital vulnerabilities is a core operational priority.

To meet this challenge, cyber-physical security has long been integrated into our daily operations. Our specialized teams work continuously to harden these defenses, focusing on proactive threat monitoring, regular system audits, and stringent cybersecurity controls to ensure uninterrupted, reliable service for our customers.

IN FISCAL 2026

$50M

CAPITAL IMPROVEMENT PROJECTS





Upgrades to treatment facilities, distribution pipelines, and storage tanks enhance long-term water safety and reliability for our consumers.



System expansion, along with modernized fire hydrants and valves, directly boosts reliability and localized fire protection for our communities.

Operational and Infrastructure Resilience

Modernization and System Expansion

During fiscal 2026, the company enhanced resilience through strategic investments in technological and physical infrastructure. A primary milestone was the full integration of our new customer information system and online platform. This multi-year initiative used a phased strategy to ensure a seamless digital transition for both employees and customers.

Parallel to this digital transformation, the historic 1861 Lake Whitney Dam rehabilitation project successfully entered its permitting phase. After evaluating more than 30 potential solutions, the project team finalized an upgrade strategy to ensure long-term structural integrity and robust flood mitigation.

We also strengthened the physical distribution network by replacing and installing over 16,000 linear feet of new water main. This system expansion along with modernized fire hydrants and valves directly boosts reliability and localized fire protection for our communities. Finally, our system-wide Remote Terminal Unit upgrade has replaced aging Supervisory Control and Data Acquisition technology, significantly enhancing real-time operational monitoring.

IN FISCAL 2026

1,728

MILES OF MAIN



Operational and Infrastructure Resilience

Water Quality

At the RWA, we take water quality seriously, conducting regular, rigorous testing of both our raw water sources and finished water. In fiscal 2026, our team collected over 7,700 water samples and conducted nearly 82,000 tests to ensure tap water met or exceeded all Environmental Protection Agency (EPA) and Connecticut Department of Public Health (DPH) standards.

While our systems maintain exceptionally clean water quality, our teams are already working to ensure full compliance with the EPA's future 4 parts per trillion PFAS standard well ahead of the 2031 deadline. By piloting our own patent-pending PFAS removal technology—Powdered Activated Carbon treatment systems—paired with a range of other advanced mitigation tactics, we are committed to ensuring safe water that meets all future PFAS regulations.

Meanwhile, in fiscal 2026, we significantly expanded the impact of the Water Innovation Hub, our strategic collaboration with ClimateHaven and Yale University. This year, our focus shifted from foundational infrastructure to measurable deployment, bridging the gap between cutting-edge research and practical application.

IN FISCAL 2026

0

REPORTABLE WATER QUALITY VIOLATIONS





At the RWA, we take water quality seriously, conducting regular, rigorous testing of both our raw water sources and finished water.


We remain committed to fostering
a supportive environment for
our team members, who perform
essential work for the community.

Operational and Infrastructure Resilience

Human Capital

Our 278 employees, with slightly more than 40 percent represented by United Steelworkers Local 12160, are our most vital assets. We are actively negotiating a new contract to reinforce competitive compensation and prepare our union workforce for critical technological advancements. We remain committed to fostering a supportive environment for our team members, who perform essential work for the community. As we step into fiscal 2027, our focus remains firmly on empowering the talented team that drives the RWA forward.

During 2026, we actively advanced the implementation of a state-of-the-art Human Resources Information System, positioning the platform for its upcoming official launch. This strategic investment underscores our ongoing commitment to fostering an agile, tech-enabled workplace culture that supports scalable growth and empowers our people. Once fully deployed, the platform will introduce intuitive self-service portals for real-time employee data and benefits management, while simultaneously equipping leaders with advanced dashboards and automated workflows for data-driven decision making and effective team oversight.

IN FISCAL 2026

278

WATER PROFESSIONALS ENSURED CONTINUOUS OPERATIONS



Conservation and Environmental Stewardship

Community Education

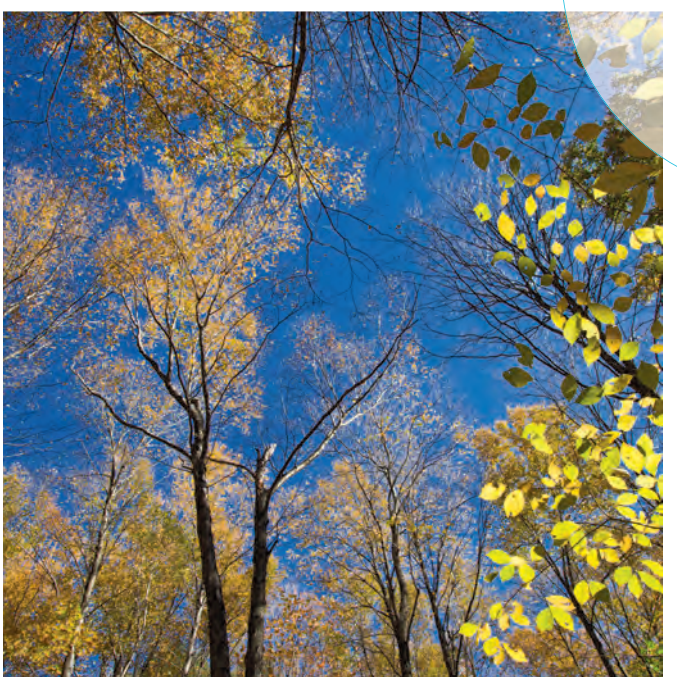
Empowering tomorrow's consumers today is vital to our sustainability mission. The RWA Water Education Program brings science to life, teaching students that protecting our resources and land is a shared responsibility. During fiscal 2026, we reached more than 8,700 students through 57 area schools, aligning hands-on learning with best practices in science education to foster sustainable habits that protect our drinking water for the future.

Another way we make a difference in our communities and the environment is through our affiliate, the Claire C. Bennitt Watershed Fund. Some two decades ago, we established the Fund as a nonprofit charity dedicated to watershed preservation and environmental studies. In fiscal 2026, the Fund allocated $136,000 in scholarships to 15 students who are pursuing coursework in environmental science.

IN FISCAL 2026

27,855

ACRES OF LAND OWNED





The RWA Water Education Program brings science to life, teaching students that protecting our resources is a shared responsibility.



We are reinforcing our infrastructure to secure a sustainable water future by investing in data analytics and eco-friendly treatment technologies.

Conservation and Environmental Stewardship

Resource Protection

We are reinforcing our infrastructure to secure a sustainable water future by investing in data analytics and eco-friendly treatment technologies. Through 24/7 monitoring and enhanced laboratory capabilities, we can now predict water quality shifts before they occur. This proactive strategy allows us to neutralize the rising, year-round threat of algal blooms and safeguard our source water.

Furthermore, we are evaluating cost-effective, nature-based infrastructure solutions that advance our strategic goals of enhancing ecosystem resilience, improving water quality, and reducing long-term capital costs. Through targeted initiatives in forest management, stormwater control, wetland creation, and dam rehabilitation, we aim to eliminate liabilities, secure grant funding, and accelerate ecological restoration.

Moreover, in fiscal 2026, the RWA's Environmental Planning Department strengthened source water protection through the successful launch of a digital spill notification system. We developed a streamlined digital communication tool in collaboration with the Connecticut Department of Energy and Environmental Protection and the DPH. This initiative enables rapid responses to environmental risks, expands our statewide surveillance, and is currently being evaluated by state officials for broader industry adoption.

IN FISCAL 2026

47

MILLION GALLONS OF WATER TREATED PER DAY



Strategic Growth

Funding Reliability

We accelerate regional water reliability by securing grants to offset infrastructure costs. This year, we funded hardware and other upgrades for our advanced metering network, enhanced cyber threat detection, and acquired specialized underwater drones for safer, more efficient inspections. These initiatives directly support long-term infrastructure integrity and water security.

To minimize rate increases, we aggressively pursue refinancing and low-cost Drinking Water State Revolving Fund (DWSRF) options. Through fiscal 2026, we secured $50 million in DWSRF loans and approximately $14 million in grants, with additional financings planned for fiscal 2027 and beyond. We also received $2 million in Congressional Directed Spending for water treatment plant upgrades.

In September 2024, the RWA acquired 78 acres of forested land in Cheshire, supported by a $188,500 state grant from fiscal 2026. This acquisition expands a 900-acre protected block, secures the Lake Whitney watershed, and provides space for passive recreation, strengthening our commitment to environmental stewardship.

IN FISCAL 2026

$738M

VALUE OF NET CAPITAL ASSETS AND LAND




We are advancing regional water reliability by leveraging grant funding to offset infrastructure investments.



We are focused on economically, sustainably, and responsibly investing in our core business and diversifying our non-core or commercial services.

Strategic Growth

Financial Stability

While RWA still uses debt financing to fund capital improvements, during fiscal 2026, we self-funded about 75 percent, or approximately $38 million of our capital improvement programs. This self-funding strategy directly mitigates future debt service costs. Through these strategic capital and operational improvements, we successfully managed costs and maintained stable rates—delivering approximately $36 million in cumulative savings since our inaugural strategic plan and mitigating projected water rate increases by an estimated 26 percent.

Diversifying Our Business

Our commercial business portfolio drives value creation by expanding our reach and helping to mitigate rate increases for our water utility customers. Through strategic investments in proprietary offerings like environmental lab services and our signature pipe protection programs—such as PipeSafe and Homeowner Safety Valve—we successfully generated approximately $22 million in fiscal 2026 revenue.

IN FISCAL 2026

~1¢

PER GALLON OF TREATED WATER



Strategic Growth

Regional Water Network

In 2026, RWA achieved a major milestone by transitioning Aquarion Water Company into the newly formed, not-for-profit Aquarion Water Authority (AWA). Acting as the architect of this public asset transition, the RWA established a sister-utility model to capture economies of scale, maximize operational efficiencies, and share procurement strategies. Under this governance framework, Aquarion transitions from state regulatory oversight to local, community-focused governance driven by municipal representation. Crucially, the structural framework safeguards financial transparency by maintaining separate rate-setting mechanisms, ensuring RWA and AWA customers only pay for their respective system costs while benefiting from a stronger, regionalized public water network.

Outlook

For 177 years, RWA has served as a foundation for Greater New Haven's growth. Originating in 1849 as the New Haven Water Company, our legacy has grown from serving fewer than 1,000 customers to providing a daily lifeline for over 430,000 people. Today, we are more than a water utility—we are a vital partner in public health, fire protection, and economic opportunity, recognizing that the long-term prosperity of our region is intrinsically linked to our own.

Looking ahead, we remain committed to investing in infrastructure and strengthening the partnerships that ensure a sustainable, resilient water supply. With a focus on innovation and stewardship, we will continue to turn our legacy of service and trust into a future of prosperity for the generations to come.



Sunder (Sunny) Lakshminarayanan
President



David J. Borowy
Chair, Regional Water Authority Board



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

Financials

Financial Report

Financial Statements as of and for the
Years Ended May 31, 2026 and 2025,
and Independent Auditors' Report

21 Independent Auditors' Report

23 Management's Discussion and Analysis

Basic Financial Statements

33 Statements of Net Position

36 Statements of Revenues, Expenses, and Changes in Net Position

37 Statements of Cash Flows

39 Statements of Fiduciary Net Position – Pension Trust Fund

39 Statements of Changes in Fiduciary Net Position – Pension Trust Fund

40 Statements of Fiduciary Net Position – Retired Employees Contributory Trust Fund

40 Statements of Changes in Fiduciary Net Position – Retired Employees Contributory Trust Fund

41 Notes to Financial Statements

Required Supplementary Information

72 RSI-1 – Schedules of Changes in Net Position Liability and Related Ratios

76 RSI-2 – Schedules of Employer Contributions – Pension

79 RSI-3 – Schedule of Investment Returns – Pension

80 RSI-4 – Schedule of Changes in Net OPEB Liability and Related Ratios

82 RSI-5 – Schedule of Employer Contributions – OPEB

83 RSI-6 – Schedule of Investment Returns – OPEB

Independent Auditors' Report

Members of the 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, 2026 and 2025, 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, 2026 and 2025, 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 (U.S. GAAP).

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 – Reporting Entity

As further discussed in Note 15, the financial statements referred to above include only the primary government of the South Central Connecticut Regional Water Authority (the Authority), which consists of all operations that comprise the Authority's legal entity. These primary government financial statements do not include financial data related to the Aquarion Water Authority (AWA) or the Claire C. Bennitt Watershed Fund (Watershed Fund), both legally separate component units as of May 31, 2026 and May 31, 2025, which accounting principles generally accepted in the United States of America (GAAP) require to be reported with the financial data of the Authority to represent the complete reporting entity. As a result, these primary government financial statements do not purport to, and do not reflect the financial position of the entire reporting entity as of May 31, 2026 and 2025 and the changes in its financial position and cash flows thereof for the years then ended in accordance with GAAP. Our opinions are not modified with respect to this matter.

We have audited, under separate cover, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity as of and for the years ended May 31, 2026 and 2025, and our report thereon, dated September 15, 2026, expressed unmodified opinions on those financial statements.

Emphasis of Matter – Subsequent Event

As discussed in Note 14, as of June 30, 2026, the Aquarion Water Authority (AWA) is no longer a component unit, and any and all obligations of the South Central Connecticut Regional Water Authority related to the acquisition of Aquarion Company by AWA ceased.

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.

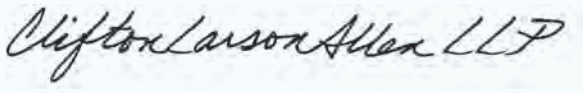
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 15, 2026, 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 15, 2026

Management's Discussion and Analysis

Years Ended May 31, 2026, and 2025

Introduction

As noted in the Independent Auditors' Report from CliftonLarsonAllen LLP, Management's Discussion and Analysis (MD&A) provides supplemental information to the audit and should be read in conjunction with it. The purpose of the MD&A is to introduce and highlight the more detailed information provided in the audited financial statements. For example, it will assess improvement to or deterioration of the South Central Connecticut Regional Water Authority's (the Authority's) financial position and will identify factors that, in management's opinion, affected financial performance during the fiscal period under review.

Contents Of The Audited Financial Statements

The Authority's audited financial statements include the following:

Statements of net position

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

Statements of revenues, expenses, and changes in net position

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

Statements of cash flows

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

Statements of fiduciary net position

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

Notes to financial statements

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

The Authority's Business

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

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 2024, and signed into law on June 5, 2024, "non-core" activities were expanded to include "sustainable manufacturing support." At that time there were also other changes made to Special Act 77-98, as amended.

FINANCIAL HIGHLIGHTS

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

For the Years Ended May 31	2026	2025	2024
OPERATING REVENUES			
Water Revenues	$ 144,469	$ 138,830	$ 135,660
Other	21,746	22,588	16,112
Total Operating Revenues	166,215	161,418	151,772
OPERATING EXPENSES			
Operating and Maintenance	68,511	67,107	62,299
Expenses Associated With Water and Other Revenue	14,109	14,861	9,821
Depreciation and Amortization	32,034	28,349	26,397
Payments in Lieu of Taxes (PILOT)	8,865	8,937	8,767
Total Operating Expenses	123,519	119,254	107,284
OPERATING INCOME	42,696	42,164	44,488
NONOPERATING INCOME AND EXPENSES			
Interest Income	8,843	9,697	10,932
Gain (Loss) on Disposal of Assets	(748)	(878)	(859)
Net Increase (Decrease) in the Fair Value of Investments	3	189	412
Interest Expense	(21,492)	(21,747)	(21,981)
Amortization of Bond Discount, Premium, Issuance Costs, Deferred Refunding Losses, and Goodwill	1,884	1,784	2,222
Intergovernmental Revenue	8,087	2,330	1,941
Total Nonoperating Expenses	(3,423)	(8,625)	(7,333)
Income Before Contributions	39,273	33,539	37,155
Capital Contributions	8,436	3,689	4,240
CHANGE IN NET POSITION	$ 47,709	$ 37,228	$ 41,395

Operating Revenues

The change in water revenues from fiscal 2025 to fiscal 2026 is primarily due to the full year impact of the January 2025 rate increase. The weather in the summer of fiscal 2026 is also a factor contributing to the increase. The year-over-year increase in water revenues is partially offset by the decline in other revenues. The decline in other revenues is primarily driven by jobbing, certain other proprietary offerings, and Well Services.

The change in water revenues from fiscal 2024 to fiscal 2025 is primarily due to the rate increase that went into effect on January 3, 2025. The primary driver of the increase in other revenues is the Homeowner Safety Valve (HSV) transaction that occurred on July 1, 2024, and the full-year impact of the October 2023 acquisition by RWA Well Services.

Operating Expenses

Operating and maintenance expenses from fiscal 2025 to fiscal 2026 increased by approximately $1.4 million. The larger increases are due to payroll expense, chemicals, and insurance, partially offset by a decrease in outside services. Also, partially offsetting the increase is the decrease in pension expense, under GASB 68, from fiscal 2025 to fiscal 2026. There are other net changes across multiple accounts.

Operating and maintenance expenses from fiscal 2024 to fiscal 2025 increased by approximately $4.8 million. The larger increases are due to payroll expense, employee benefits, and electric services. The increase in electric services is primarily due to public benefit charges and the increase in employee benefits is impacted by the implementation of GASB 101,

compensated absences. Pension expense, under GASB 68 decreased from fiscal 2024 to fiscal 2025. However, Other Post Employment Benefits (OPEB) expense, under GASB 75, increased. There were other net changes across multiple accounts.

Depreciation and amortization expense increased from fiscal 2025 to fiscal 2026 primarily due to the increase in gross property plant and equipment. Depreciation expense incorporated an acceleration associated with Homeowner Safety Valve (HSV) related to applications being replaced in fiscal 2027. The increase is also due to an increase in the amortization of Subscription-Based Information Technology Arrangements (SBITA) assets.

Depreciation and amortization expense increased from fiscal 2024 to fiscal 2025 primarily due to the increase in gross property plant and equipment. The fiscal 2025 increase in amortization is also attributable to the intangible asset amortization associated with the HSV transaction and SBITA assets.

Payments-in-Lieu-of-Taxes (PILOT) to municipalities decreased slightly from fiscal 2025 to fiscal 2026 and increased between fiscal 2024 and fiscal 2025. The PILOT decrease between fiscal 2026 and 2025 is primarily due to lower mill rates in certain jurisdictions. Increases between 2024 and 2025 are primarily due to changes in pipe and mill rates.

Nonoperating Income And Expenses

The small decrease in interest income from fiscal 2025 to fiscal 2026 is primarily due to a lower interest rate environment partially offset by an increase in interest in arrears.

The decrease in interest income from fiscal 2024 to fiscal 2025 is primarily due to lower interest on arrears as well as a lower interest rate environment.

Due to market conditions and the mix of investments, there was less than a $3 thousand adjustment to market value in fiscal 2026. The adjustment in fiscal 2025 was approximately $.2 million.

Disposal Of Assets

In fiscal 2026 and fiscal 2025, 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. This net loss was partially offset by the proceeds associated with asset dispositions. The net loss in fiscal 2026 was approximately $.1 million less than the loss in 2025.

In fiscal 2025 and fiscal 2024, 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. In fiscal 2025, the net loss was partially offset by the proceeds associated with a land disposition. The net loss in fiscal 2025 is comparable to the net loss in 2024.

Amortization

The amortization of bond discount, premium, issuance costs, and deferred refunding losses, as a category, are more favorable in fiscal 2026 than in fiscal 2025. This is primarily due to the lower amortization of deferred refunding losses partially offset by lower premium amortizations and slightly higher amortization of issuance costs.

The amortization of bond discount, premium, issuance costs, and deferred refunding losses are more favorable in fiscal 2025 than in fiscal 2024. This is primarily due to the lower amortization of deferred refunding losses partially offset by lower premium amortizations.

The fiscal 2026 amortization of goodwill is higher than fiscal 2025 due to the full year amortization of the goodwill associated with the July 2024 acquisition of HSV and the increase between fiscal 2025 and fiscal 2024 is also due to the amortization of goodwill due to this acquisition.

Intergovernmental Revenues

Intergovernmental revenues in fiscal 2026 increased over fiscal 2025. In fiscal 2026 there was an increase in the reimbursements under Congressional Directed Spending grants, an increase in the Drinking Water State Revolving Fund (DWSRF) grants, a state-funded Open Space grant, and a small reimbursement under a USDA grant.

Intergovernmental revenues in fiscal 2025 increased over fiscal 2024. In fiscal 2025, two reimbursements under a Congressional Directed Spending grant were recorded as well as one Drinking Water State Revolving Fund (DWSRF) grant.

SUMMARY: NET POSITION

(in Thousands of Dollars)

For the Years Ended May 31	2026	2025	2024
ASSETS			
Depreciable Utility Plant in Service, Net	$ 589,633	$ 574,950	$ 559,524
Lease Assets, Net	385	413	478
SBITA Assets, Net	19,211	22,230	4,460
Land	28,127	28,172	28,086
Construction Work in Progress	28,825	21,491	32,554
Intangible Assets, Net	5,270	6,052	1,657
Nonutility Land	66,558	66,608	66,143
Other Assets:			
Current	74,053	73,545	74,786
Long-Term Note Receivable	500	500	500
Long-Term Lease Receivable	1,494	1,202	1,222
Net Pension Asset	2,312	-	-
Restricted Assets	164,462	169,530	172,565
Due From Related Party	16,256	14,812	-
Regulatory Assets	15,260	15,143	9,073
Total Assets	1,012,346	994,648	951,048
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	4,734	5,363	12,178
Deferred Outflows - Goodwill	15,766	16,877	11,914
Deferred Outflows Related to Pensions	287	1,083	1,232
Deferred Outflows Related to OPEB	1,781	1,653	2,328
Total Deferred Outflows of Resources	22,568	24,976	27,652
Total Assets and Deferred Outflows of Resources	$ 1,034,914	$ 1,019,624	$ 978,700

SUMMARY: NET POSITION (CONTINUED)

(in Thousands of Dollars)

For the Years Ended May 31	2026	2025	2024
LIABILITIES			
Current Liabilities	$ 56,469	$ 57,801	$ 43,219
Payable from Restricted Assets	13,463	13,578	13,577
Long-Term Debt Payable	484,750	509,598	518,615
Net Premiums and Discounts	35,749	39,881	40,637
Net Pension Liability	-	8,795	11,623
Net OPEB Liability	14,626	15,181	16,145
Long-Term SBITA Liability	4,788	5,662	3,221
Long-Term Lease Liability	281	318	402
Other Liability	-	-	163
Total Liabilities	610,126	650,814	647,602
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	9,238	1,430	133
Deferred Inflows Related to OPEB	2,508	2,312	3,090
Deferred Inflows Related to Leases	1,602	1,337	1,372
Total Deferred Inflows of Resources	13,348	5,079	4,595
NET POSITION			
Net Investment in Capital Assets	182,720	138,221	110,393
Restricted	167,026	164,017	164,133
Unrestricted	61,694	61,493	51,977
Total Net Position	411,440	363,731	326,503
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,034,914	$ 1,019,624	$ 978,700

Capital Assets

The increase in capital assets from fiscal 2025 to fiscal 2026 is primarily due to the increase in utility property plant and equipment in service and Construction Work in Progress. This increase is partially offset by the amortization of lease, SBITA, and intangible asset amortization.

The increase in capital assets from fiscal 2024 to fiscal 2025 is primarily due to the increase in utility property plant and equipment in service. The reduction in Construction Work in Progress is less than the increase in SBITA assets. The SBITA increase in fiscal 2025 is largely due to a new customer information system (CIS).

The fiscal 2025 increase in intangible assets, net is due to the HSV transaction in July 2024.

Current Assets

The following itemizes the change in current assets between May 31, 2025 and 2026, and between May 31, 2024 and 2025, respectively:

May 31	2026	2025
Increase (Decrease) in Cash and Cash Equivalents	$ 545,872	$ (4,364,156)
Increase (Decrease) in Accounts Receivable, Net	(520,341)	2,900,878
Increase (Decrease) in Lease Receivable	19,082	(13,933)
Increase (Decrease) in Accrued Water Revenue	(1,037,276)	(961,118)
Increase (Decrease) in Interest Receivable	(40,281)	(15,161)
Increase (Decrease) in Materials and Supplies	13,354	(3,409)
Increase (Decrease) in Prepayments and Other Current Assets	1,526,891	1,215,496
Net Increase (Decrease) in Current Assets	$ 507,301	$ (1,241,403)

Cash and cash equivalents increased slightly due to the reduction in the Growth Fund partially offset by an increase in the General Fund and Revenue Fund. During fiscal 2026, the Growth Fund was used to temporarily fund certain expenses associated with the AWA transaction as well as to fund certain expenditures related to HSV. Through the year-end disposition, the General Fund was increased by $2.75 million and approximately $2.5 million was deposited into the Growth Fund to partially replenish this fund. Also, through the year-end disposition, approximately $22.7 million was transferred to the Construction Fund. In addition, a contribution was made to the Construction Fund from RWA Well Services.

Cash and cash equivalents decreased from May 31, 2024, to May 31, 2025 due to the reduction in the Growth Fund partially offset by an increase in the General Fund, and a smaller increase in the Revenue Fund. During fiscal 2025, the Growth Fund was used to partially finance the July 2024 HSV transaction as well as temporarily fund certain expenses including those associated with the potential AWA transaction. Through the year-end disposition, the General Fund was increased by $2.5 million and $1.75 million was deposited into the Growth Fund to partially replenish this fund. Through the year-end disposition, approximately $16.1 million was transferred to the Construction Fund. In addition, a contribution was made to the Construction Fund from RWA Well Services.

The decrease in accounts receivable, net is primarily due to improvement in customer accounts receivable. The allowance reserve is slightly increased from May 31, 2025, to May 31, 2026 based on the mix of aged receivables.

The increase in account receivable, net from May 31, 2024, to May 31, 2025 is primarily due to the disruption (e.g., autopay) with the transition to a new Customer Information System in the last two months of the fiscal year. While total accounts receivable increased, the allowance reserve was reduced due to the reduction in aged receivables from May 31, 2024, to May 31, 2025.

The decrease in accrued revenue from fiscal 2025 to fiscal 2026 is primarily due to the timing of billing. This is also the case between fiscal 2025 and fiscal 2024.

The decrease in interest receivables in fiscal 2026 and fiscal 2025 is primarily due to the lower accrued investment earnings as a result of the lower interest rate environment.

The small decrease in interest receivables in fiscal 2025 is also primarily due to the lower accrued investment earnings because of the lower interest rate environment.

Materials and supplies at the end of fiscal 2026, fiscal 2025 and fiscal 2024 are comparable, with a change for each year of less than $15 thousand.

The increase in other current assets from fiscal 2025 to fiscal 2026 is primarily due to the recognition of receivables related to the PFAS settlement, offset slightly by a decrease in jobbing receivables. The increase from fiscal 2024 to fiscal 2025 was primarily due to an increase in jobbing receivables.

Restricted Assets (Investments)

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

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

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

Restricted assets decreased by approximately $5.1 million between May 31, 2026, and May 31, 2025. This decrease is primarily due to a $6.2 million reduction in the Construction Fund related to capital expenditures funded, partially offset by the transfer into the Construction Fund through the fiscal 2026 year-end disposition. There was also a decrease in restricted accounts receivable. These decreases were partially offset by increases to the PILOT Fund, Debt Reserve, Operating Reserve, and a small increase in the Capital Contingency.

Restricted assets decreased by approximately $3.0 million between May 31, 2025, and May 31, 2024. This reduction is primarily from the Construction Fund that decreased by approximately $4.4 million. This decrease is primarily due to the year-end disposition and the grant reimbursements being a little lower than the internal funds used to support the capital program during fiscal 2025. A decrease in the Debt Service Fund and Restricted Accounts Receivable also contributed to the decrease in Restricted Assets. These decreases were partially offset by the Debt Reserve Fund that increased by approximately $1.6 million due to the 39th Series and DWSRF financing, an increase in the Operating Reserve, as required under the *General Bond Resolution*, an increase in the PILOT Fund, and a small increase in the Capital Contingency through a DWSRF financing.

Other Long-Term Assets

As of May 31, 2026, regulatory assets totaled approximately $15.3 million, an increase of approximately $.1 million. This increase is primarily due to the increase in the regulatory asset associated with the Lead and Copper Rule Revisions/Improvements and cost of issuance associated with the 40th and 41st Series partially offset by the amortizations. At May 31, 2026, the cost of issuance regulatory assets totaled approximately $4.7 million, and the deferred charges regulatory assets totaled approximately $10.5 million.

As of May 31, 2026, due from related parties totaled approximately $16.3 million, which represents AWA related regulatory assets paid for by RWA. There is a corresponding payable to the Authority from AWA for this amount. Post May 31, 2026, the amounts paid by the Authority as of the end of fiscal 2026 have been reimbursed and amounts accrued funded by AWA.

As of May 31, 2025, regulatory assets totaled approximately $15.1 million, an increase of approximately $6.1 million. This increase is primarily due to the $5.8 million regulatory asset associated with the Lead and Copper Rule Revisions/Improvements as well as an increase in cost of issuance associated with the 38th and 39th Series partially offset by amortizations. At May 31, 2025, the cost of issuance regulatory assets totaled approximately $4.8 million, and the deferred charges regulatory assets totaled approximately $10.2 million.

As of May 31, 2025, due from related parties totaled approximately $14.8 million which represents AWA related regulatory assets paid for by RWA. There is a corresponding payable to the Authority from AWA for this amount.

Deferred Outflows

Prior to fiscal 2022, goodwill resulted from the Authority's acquisition of Birmingham Utilities on January 16, 2008. Beginning in fiscal 2022, goodwill has been recorded associated with the RWA Well Services, LLC transactions and in fiscal 2025 goodwill was recorded associated with the Authority's HSV transaction. 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, 2026 and 2025, no impairment of goodwill has occurred.

Between May 31, 2026, and May 31, 2025, deferred outflows associated with refunding decreased by approximately $.6 million primarily due amortizations.

Between May 31, 2025, and May 31, 2024, deferred outflows associated with refunding decreased by approximately $6.8 million primarily due to the 38th Series as well as amortizations.

Between May 31, 2026, and May 31, 2025, the combined deferred outflows associated with Pension and OPEB decreased by approximately $.7 million. This is due to a decrease in the deferred pension outflows and a small increase in the deferred OPEB outflows.

Between May 31, 2025, and May 31, 2024, deferred outflows associated with Pension and OPEB decreased by approximately $.8 million. This is due to a decrease in both the pension deferred outflows and OPEB deferred outflows.

Current Liabilities

The Authority's current liabilities increased by approximately $5.2 million between May 31, 2025 and May 31, 2026, excluding payables related to the AWA transaction. This increase is primarily due to the increase in the amount of both the current portion of revenue bonds payable and DWSRF loans and an increase in other payables.

The Authority's current liabilities increased by approximately $3.2 million between May 31, 2024 and May 31, 2025, excluding payables related to the AWA transaction. This increase is primarily due to the increased deferred revenue due to HSV.

Fiscal 2026 and Fiscal 2025 current liabilities include approximately $5.5 million and $11.3 million, respectively, in payables related to the AWA transaction. These amounts include primarily professional fees incurred but not yet due or paid.

Payables From Restricted Assets

Between May 31, 2025, and May 31, 2026, payables from restricted assets decreased by approximately $.1 million. There was a decrease in accounts payable for construction, inclusive of retainage, and a decrease in accrued interest payable. These decreases were partially offset by a small increase in customer advances.

Between May 31, 2024, and May 31, 2025, payables from restricted assets are virtually unchanged. There was an increase in accounts payable for construction, inclusive of retainage, however, this was offset by a decrease in customer advances. Accrued interest payable is virtually unchanged.

Long-Term Debt

Between May 31, 2026, and May 31, 2025, long-term revenue bonds payable, at par, decreased by approximately $25.7 million, excluding the current portion. Net premiums and discounts from revenue bonds payable decreased $4.1 million due to amortizations. There was an approximately $1 million increase in DWSRF loans payable, excluding the current portion due to an additional DWSRF project loan obligation and a DWSRF interim financial obligation in FY 2026 (see Note 14, Subsequent Events).

Between May 31, 2025, and May 31, 2024, long-term revenue bonds payable, at par, decreased by approximately $9.1 million, excluding the current portion. This is due to the August 2024 payment and the 38th Series refunding partially offset by the 39th Series financing. Net premiums and discounts from revenue bonds payable decreased by approximately $.8 million due to the 38th Series net reduction to premiums and amortizations, partially offset by the 39th Series premium. There was also an increase in the non-current current portion of DWSRF project loan obligations in fiscal 2025. This is due to a DWSRF financing during fiscal 2025 for the Derby Water Storage Tank Project, partially offset by principal payments throughout the fiscal year.

Net Pension Liability (Asset)

Between May 31, 2025, and May 31, 2026, the net pension liability decreased by approximately $11.1 million, resulting in a net pension asset of $2.3 million. In fiscal 2026, contributions were approximately $1.5 million in excess of the actuarial required contribution, and this contributed to the reduction in the liability. The investment earnings in fiscal 2026 were well above the actuarial return.

Between May 31, 2024, and May 31, 2025, the net pension liability decreased by approximately $2.8 million. The plan liability increased by less than the market value increased. In fiscal 2025, contributions were approximately $1.0 million in excess of the actuarial required contribution, and this contributed to the reduction in the liability. Actual versus expected experience was higher for the salaried plan partially offsetting the higher investment earnings.

Net Other Post-Employment Benefit Liability

Between May 31, 2025 and May 31, 2026, the net other post-employment benefit liability decreased by approximately $.6 million. This decrease is due to the anticipated investment earnings versus the actual experience and returns.

Between May 31, 2024, and May 31, 2025, the net other post-employment benefit liability decreased by approximately $1.0 million. This decrease is due to the anticipated plan assumptions and investment earnings versus the actual experience and returns.

Deferred Inflows

Between May 31, 2025, and May 31, 2026, deferred inflows are higher by approximately $8.2 million due to increases in the pension deferred inflows, as well as small increases in the deferred inflows for OPEB and leases.

Between May 31, 2024, and May 31, 2025, deferred inflows are higher by approximately $.5 million due to the increase in the pension deferred inflows being more than the decrease in the deferred inflows for OPEB.

Net Investment In Capital Assets

The increase in capital net of related debt from fiscal 2026 and fiscal 2025 is primarily due to the increase in net plant and the decrease in capital related debt, inclusive of premiums, deferred refunding, and accounts payable from restricted assets.

Between May 31, 2025, and May 31, 2024, 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.

Net Position, Restricted

Restricted net position decreased, excluding the receivable from AWA net of related liabilities being considered restricted for financial reporting, from May 31, 2025 to May 31, 2026. This decrease is primarily due to the reduction in the Construction Fund as discussed above. Including the AWA related amount, there is an approximately $3.0 million increase.

Restricted net position decreased, excluding the receivable from AWA net of related liabilities being considered restricted for financial reporting, from May 31, 2024 to May 31, 2025. This small reduction is primarily due to the reduction in the Construction Fund as discussed above. Including the AWA related amount, there is a small decrease.

Unrestricted Net Position

Unrestricted net position increased from May 31, 2025, to May 31, 2026, due to the increase in current assets and unrestricted deferred outflows being higher than the decrease in current liabilities and the change in deferred inflows.

Unrestricted net position increased from May 31, 2024, to May 31, 2025, due to the increase in current assets and unrestricted deferred outflows being higher than the increase in current liabilities and the change in deferred inflows.

The Authority's Customer Base

The Authority's customer base is primarily residential and commercial. Of the Authority's approximately 121,800 customers, 117,300 are residential and commercial water customers. The customer base also includes industrial, public authority, wholesale, and fire service. Between May 31, 2025 and May 31, 2026, there has been a small increase in the Authority's customer base.

Liquidity And Capital Resources

Utilizing the Maintenance Test calculations as prescribed in the *General Bond Resolution*, in fiscal 2026 the Authority received approximately $154.0 million in cash from operations and a combined $5.4 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 2026 year-end disposition of the Revenue Fund, the Authority had approximately $28.0 million available after funding required reserves. The Authority transferred $2.75 million into the General Fund, approximately $2.5 million into the Growth Fund and transferred approximately $22.7 million to the Construction Fund, including the funding of depreciation. In addition, in fiscal 2026, the Authority contributed to the pension plans approximately $1.5 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 2026, Moody's Investor Services affirmed the Aa3 rating on outstanding debt and Standard & Poor's Rating Services in May 2026 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 (U.S. GAAP).

Request For Information

Please note that the Authority's audited financial statements include data from its fiscal years ending May 31, 2026 and 2025. 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 Chief Financial Officer, South Central Connecticut Regional Water Authority, 90 Sargent Drive, New Haven, Connecticut 06511.

STATEMENTS OF NET POSITION

For the Years Ended May 31	2026	2025
ASSETS		
Utility Plant:		
Depreciable Property, Plant, and Equipment in Service	$ 1,058,731,732	$ 1,048,609,093
Accumulated Depreciation	(469,098,507)	(473,658,539)
Depreciable Utility Plant in Service	589,633,225	574,950,554
Lease Assets, Net	384,828	412,600
SBITA Assets, Net	19,211,313	22,230,251
Land	28,127,495	28,172,374
Construction Work in Progress	28,825,279	21,490,974
Intangible Assets, Net	5,270,397	6,052,125
Total Utility Plant, Net	671,452,537	653,308,878
Nonutility Land	66,557,674	66,608,007
Current Assets:		
Cash and Cash Equivalents	39,391,724	38,845,852
Accounts Receivable, Less Allowance for Doubtful Accounts of $3,053,911 in 2026 and $3,016,800 in 2025	12,392,184	12,912,525
Lease Receivable	94,521	75,439
Accrued Water Revenue	11,283,191	12,320,467
Accrued Interest Receivable	262,720	303,001
Materials and Supplies	3,603,958	3,590,604
Prepaid Expenses and Other Assets	7,023,362	5,496,471
Total Current Assets	74,051,660	73,544,359
Note Receivable	500,000	500,000
Due From Related Party	16,256,387	14,811,692
Lease Receivable	1,493,584	1,202,435
Net Pension Asset	2,312,391	-
Restricted Assets	164,462,467	169,529,790
Regulatory Assets	15,259,566	15,142,803
Total Assets	1,012,346,266	994,647,964
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	4,733,744	5,363,437
Deferred Outflows - Goodwill	15,765,912	16,876,594
Deferred Outflows Related to Pensions	286,983	1,083,319
Deferred Outflows Related to OPEB	1,781,260	1,652,734
Total Deferred Outflows of Resources	22,567,899	24,976,084

See accompanying Notes to Financial Statements

STATEMENTS OF NET POSITION (CONTINUED)

For the Years Ended May 31	2026	2025
LIABILITIES		
Noncurrent Liabilities:		
Revenue Bonds Payable, Less Current Portion	$ 447,265,000	$ 472,985,000
Drinking Water Loans Payable	37,485,375	36,612,769
Net Premiums and Discounts from Revenue Bonds Payable	35,748,742	39,881,160
Net Pension Liability	-	8,795,429
Net OPEB Liability	14,626,247	15,181,074
SBITA Liability	4,788,077	5,661,670
Lease Liability	281,147	317,800
Total Noncurrent Liabilities	540,194,588	579,434,902
Current Liabilities:		
Current Maturities of Bonds Payable	25,720,000	22,895,000
Current Maturities of Drinking Water Loans Payable	2,348,130	2,193,400
Accounts Payable	13,170,001	17,086,477
Bond Anticipation Notes Payable	-	50,500
Customer Deposits and Advances	1,919,438	1,768,810
Other Accrued Liabilities	12,218,994	12,695,461
Current Maturities of SBITA Liability	994,295	1,027,437
Current Maturities of Lease Liability	98,579	84,316
Total Current Liabilities	56,469,437	57,801,401
Payable from Restricted Assets:		
Accounts Payable for Construction	5,294,970	5,350,245
Accrued Interest Payable	6,816,454	6,974,941
Customer Deposits and Advances	1,351,539	1,253,070
Total Liabilities Payable from Restricted Assets	13,462,963	13,578,256
Total Liabilities	610,126,988	650,814,559
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	9,237,737	1,429,552
Deferred Inflows Related to OPEB	2,508,001	2,312,063
Deferred Inflows Related to Leases	1,601,728	1,337,115
Total Deferred Inflows of Resources	13,347,466	5,078,730

See accompanying Notes to Financial Statements

STATEMENTS OF NET POSITION (CONTINUED)

For the Years Ended May 31	**2026**	**2025**
NET POSITION		
Net Investment in Capital Assets	182,719,640	138,221,025
Restricted:		
Construction	70,101,083	76,693,174
Debt	52,091,890	49,125,320
Payments-in-Lieu-of-Taxes (PILOT)	4,787,854	4,109,925
Operating Reserve	12,666,480	12,343,656
Capital Contingency	6,271,409	6,244,220
Rate Stabilization	10,000,000	10,000,000
Other Purposes	375,758	2,032,414
AWA	10,731,254	3,468,412
Unrestricted	61,694,343	61,492,613
Total Net Position	$ 411,439,711	$ 363,730,759

See accompanying Notes to Financial Statements

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended May 31	2026	2025
OPERATING REVENUES		
Water Revenues:		
Residential and Commercial	$ 116,846,795	$ 112,635,564
Industrial	3,813,503	2,707,467
Fire Protection	14,404,380	14,059,323
Public Authority	3,996,044	3,379,670
Wholesale	1,180,321	1,099,386
Other Water Revenues	4,228,666	4,947,997
Other Revenue	21,745,709	22,588,382
Total Operating Revenues	166,215,418	161,417,789
OPERATING EXPENSES		
Operating and Maintenance Expense	68,510,951	67,106,825
Depreciation and Amortization	32,034,129	28,349,186
Payments in Lieu of Taxes	8,864,695	8,936,945
Other Water Expenses	1,765,231	2,652,942
Cost of Other Revenue	12,343,599	12,208,439
Total Operating Expenses	123,518,605	119,254,337
OPERATING INCOME	42,696,813	42,163,452
NONOPERATING INCOME (EXPENSE)		
Interest Income	8,843,196	9,696,570
Gain (Loss) on Disposal of Assets	(748,335)	(877,526)
Net Increase (Decrease) in the Fair Value of Investments	2,710	189,070
Interest Expense	(21,492,027)	(21,746,792)
Amortization of Bond Discount, Premium, Issuance Cost, Deferred Losses, and Goodwill	1,883,850	1,783,658
Intergovernmental Revenue	8,087,075	2,329,916
Total Nonoperating Expense	(3,423,531)	(8,625,104)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	39,273,282	33,538,348
Capital Contributions	8,435,670	3,689,475
CHANGE IN NET POSITION	47,708,952	37,227,823
Net Position - Beginning of Year	363,730,759	326,502,936
NET POSITION - END OF YEAR	$ 411,439,711	$ 363,730,759

See accompanying Notes to Financial Statements

STATEMENTS OF CASH FLOWS

For the Years Ended May 31	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Water Sales	$ 141,765,041	$ 137,271,503
Cash Received from Other Services	25,704,633	22,588,382
Cash Paid to Employees	(28,759,603)	(27,496,432)
Cash Paid to Suppliers for Operations	(49,853,579)	(48,210,420)
Cash Paid To Suppliers for Other Services	(10,890,413)	(10,552,989)
Cash Paid for Payments in Lieu of Taxes	(8,873,352)	(8,937,617)
Net Cash Provided by Operating Activities	69,092,727	64,662,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	8,883,476	9,711,732
Purchase of Restricted Investments	(240,654,080)	(245,670,950)
Sale of Restricted Investments	249,883,502	248,039,986
Other Investing Activities, Net	(4,109,091)	(6,265,845)
Contributions to/from, Net	(650,000)	(800,000)
Net Cash Provided by Investing Activities	13,353,807	5,014,923
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Utility Plant	(51,836,315)	(58,896,629)
Proceeds from Disposition of Assets	366,421	679,368
Proceeds from Issuance of Bond Anticipation Notes	-	3,400,500
Proceeds from Issuance of Drinking Water Loans	3,275,142	2,354,070
Proceeds from Issuance of Revenue Bonds	-	21,900,000
Proceeds from Issuance of Refunding Bonds	-	55,430,000
Premium on Bond Issuances	-	2,311,439
Premium on Refunding Bond Issuances	-	7,688,037
Principal Payments on Revenue Bonds	(22,895,000)	(23,170,000)
Payments on Drinking Water Loans	(2,247,806)	(2,085,950)
Payments on Bond Anticipation Notes	(50,500)	(3,400,500)
Payments for Retirement of Revenue Bonds	-	(63,580,000)
Interest Paid, Net	(21,473,209)	(21,524,318)
Grant Proceeds	8,087,075	1,754,707
Capital Contributions, Net of Restricted Deposit	6,118,306	4,708,263
Lease Payments Received	145,051	35,377
Payments on SBITAs	(1,295,743)	(1,573,743)
Payments on Leases	(94,084)	(72,126)
Net Cash Provided (Used) by Capital and Related Financing Activities	(81,900,662)	(74,041,505)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	545,872	(4,364,155)
Cash and Cash Equivalents - Beginning of Year	38,845,852	43,210,007
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 39,391,724	$ 38,845,852

See accompanying Notes to Financial Statements

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended May 31	2026	2025
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 42,696,813	$ 42,163,452
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	32,034,129	28,349,186
Bad Debt Expense	286,734	(540,229)
Other	(214,609)	186,888
Change in:		
Accounts Receivable and Accrued Water Revenue	1,279,545	(1,399,532)
Materials and Supplies	(13,355)	3,410
Prepaid Expenses and Other Assets	1,244,865	(1,098,173)
Regulatory Assets / Due From Related Party	(1,477,979)	(15,700,779)
Deferred Outflows of Resources - Pension	796,318	148,557
Deferred Outflows of Resources - OPEB	(128,526)	675,691
Accounts Payable	(4,175,843)	11,493,126
Net Pension Asset	(11,107,802)	(2,827,020)
Net OPEB Liability	(554,827)	(964,358)
Deferred Inflows of Resources - Pension	7,808,185	1,297,151
Deferred Inflows of Resources - OPEB	195,938	(778,216)
Deferred Inflows of Resources - Leases	264,613	(34,971)
Customer Deposits and Advances	150,628	(156,585)
Other Accrued Liabilities	7,900	3,844,829
Total Adjustments	26,395,914	22,498,975
Net Cash Provided by Operating Activities	$ 69,092,727	$ 64,662,427

See accompanying Notes to Financial Statements

STATEMENTS OF FIDUCIARY NET POSITION – PENSION TRUST FUND

For the Years Ended May 31	2026	2025
ASSETS		
Cash and Cash Equivalents	$908,518	$1,402,608
Investments:		
U.S. Government Securities	9,933,446	6,746,916
U.S. Government Agencies	1,412,650	2,137,936
Corporate Bonds	8,617,997	8,433,858
Mutual Funds	69,056,104	60,738,437
Total Assets	89,928,715	79,459,755
NET POSITION		
Restricted for Pension Benefits	$ 89,928,715	$ 79,459,755

See accompanying Notes to Financial Statements

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND

For the Years Ended May 31	2026	2025
ADDITIONS		
Contributions:		
Employer	$ 3,722,109	$ 3,481,823
Employees	-	-
Total Contributions	3,722,109	3,481,823
Investment Earnings:		
Net Increase in the Fair Value of Investments	10,532,327	4,322,909
Investment Earnings	3,074,995	2,618,057
Net Investment Earnings	13,607,322	6,940,966
Total Additions	17,329,431	10,422,789
DEDUCTIONS		
Benefits	6,505,767	5,989,224
Expenses	353,885	323,649
Other	819	(22,570)
Total Deductions	6,860,471	6,290,303
CHANGE IN NET POSITION	10,468,960	4,132,486
Net Position - Beginning of Year	79,459,755	75,327,269
NET POSITION - END OF YEAR	$ 89,928,715	$ 79,459,755

See accompanying Notes to Financial Statements

STATEMENTS OF FIDUCIARY NET POSITION - RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND

For the Years Ended May 31	2026	2025
ASSETS		
Cash and Cash Equivalents	$ 112,151	$ 80,107
Investments:		
Mutual Funds	11,567,505	10,252,228
Total Assets	11,679,656	10,332,335
NET POSITION		
Restricted for Retiree Benefits	$ 11,679,656	$ 10,332,335

See accompanying Notes to Financial Statements

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

For the Years Ended May 31	2026	2025
ADDITIONS		
Contributions:		
Employer	$ 1,570,423	$ 1,694,075
Retirees	324,461	249,526
Total Contributions	1,894,884	1,943,601
Investment Earnings (Loss):		
Net Increase (Decrease) in the Fair Value of Investments	1,362,089	545,090
Investment Earnings	423,309	368,254
Net Investment Earnings (Loss)	1,785,398	913,344
Total Additions	3,680,282	2,856,945
DEDUCTIONS		
Benefits	2,284,499	2,562,780
Expenses	48,462	46,942
Total Deductions	2,332,961	2,609,722
CHANGE IN NET POSITION	1,347,321	247,223
Net Position - Beginning of Year	10,332,335	10,085,112
NET POSITION - END OF YEAR	$ 11,679,656	$ 10,332,335

See accompanying Notes to Financial Statements

Notes to Financial Statements

Years Ended May 31, 2026, and 2025

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 Authority Board 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.

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 one in fiscal 2024 that, 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. In addition, in fiscal 2024, enabling legislation amendments were submitted that included "supporting sustainable manufacturing" to the definition of "non-core" business activities and in June 2024, these amendments passed. In July 2024, the Authority acquired the HSV protection plan offerings.

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 bodies 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. At the closing of the AWA transaction on June 30, 2026, any and all obligations to the Authority ceased and post-closing AWA is not a component unit under the existing structure.

For further information on the reporting entity, refer to Note 15.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2026, regulatory assets include approximately $4.7 million of bond issuance costs and approximately $10.5 million of deferred charges, net of amortization. Included in the $10.5 million is approximately $3.4 million associated with prior environmental remediation costs in the Town of Hamden, $.4 million associated with a deferred repair and remediation costs, and $.3 million of incurred costs associated with an interconnection. There is

approximately $6.4 million associated with compliance with the Lead and Copper Rule Revisions (LCRR) and Lead and Copper Rule Improvements (LCRI). The year-over-year regulatory asset increase is primarily due to the cost of issuance associated with the 40th and 41st Series and the costs associated with LCRR and LCRI, partially offset by amortization.

In addition, there are amounts due from a related party of approximately $16.3 million for transaction related and costs of issuance associated with the AWA acquisition of Aquarion Company, excluding certain subsidiary entities. The Authority has been reimbursed for these costs subsequent to fiscal year end (see Note 14, Subsequent Events).

As of May 31, 2025, regulatory assets include approximately $4.9 million of bond issuance costs and approximately $10.2 million of deferred charges, net of amortization. Included in the $10.2 million is approximately $3.6 million associated with environmental remediation costs in the Town of Hamden, $.5 million associated with a deferred repair and remediation costs, and $.3 million of incurred costs associated with an interconnection. There is approximately $5.8 million associated with compliance with the Lead and Copper Rule Revisions (LCRR) and Lead and Copper Rule Improvements (LCRI). The year-over-year regulatory asset increase is primarily due to the costs associated with LCRR and LCRI, partially offset by amortization.

In addition, there were amounts due from a related party of approximately $14.8 million for transaction related and costs of issuance associated with the AWA acquisition of Aquarion Company, excluding certain subsidiary entities.

Utility Plant

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

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

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

The estimated service lives of capital assets are as follows:

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

Lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. Subsequently SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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.

For purposes of the statement of cash flows, the Authority considers demand deposits and all highly liquid investments with an original maturity of six months or less when purchased to be cash equivalents. In addition, because the State Short-Term Investment Fund (STIF) is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also considered a cash equivalent.

Investments

Investments are reported at fair value.

Materials and Supplies

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

Restricted Assets

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

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, 2026 and 2025, 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, OPEB, and lease receivable. 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.

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.

Net Pension Liability (Asset)

The net pension liability (asset) 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 (asset) 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, depreciation on capital assets, and lease, SBITA, and intangible assets amortization. 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 in fiscal year 2024 and through most of fiscal year 2025. However, starting in April of fiscal year 2025, balances after 28 days begin to be subject to interest.

Other Revenue

Other revenue includes revenue from the HSV and 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. 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. However, 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*. The flow of funds under the *General Bond Resolution* for monies remaining in the Revenue Fund after making all required monthly transfers (e.g., to the Debt Service Fund, PILOT Fund, and, if required, to the Debt Reserve Fund) is to the Capital Contingency Fund, Operating Reserve, Rate Stabilization Fund Variable Rate Bonds Sub account, to meet any deficiency.

If there are no deficiencies, remaining monies shall be transferred to the General Fund. Monies in the General funds can be transferred, at the option of the Authority, to the Construction Fund, Rate Stabilization Fund, or other discretionary funds.

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 December 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, Certain Risk Disclosures. This statement expands disclosure requirements for risks arising from concentrations and constraints that may significantly impact a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Authority adopted these requirements effective June 1, 2025. The implementation of this standard did not have any impact on the Authority's financial statements.

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, $3,435,090 of the Authority's bank balance of $19,635,776 was exposed to custodial credit risk as of May 31, 2026, as follows:

Uninsured and Uncollateralized	$ 2,027,044
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name	1,408,046
Total Amount Subject to Custodial Risk	$ 3,435,090

As of May 31, 2025, $6,902,143 of the Authority's bank balance of $15,056,063 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 2,108,221
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name	4,793,922
Total Amount Subject to Custodial Risk	$ 6,902,143

Cash Equivalents

As of May 31, 2026 and 2025, the Authority's cash equivalents amounted to $192,050,777 and $192,843,468, respectively. The balance consisted of State Short-Term Investment Fund (STIF), with a credit rating of AAAm by Standard & Poor's.

Investments

As of May 31, 2026, the Authority had the following investments:

			Investment Maturities (Years)		
Investment Type	Credit Rating	Fair Market Value	Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aa1	$ 9,933,445	$ 1,886,176	$ 8,047,269	$ -
U.S. Government Agencies	Aa1	1,412,649	273,161	1,139,488	-
Corporate Bonds	Aaa	356,228	-	356,228	-
Corporate Bonds	A1	939,630	-	939,630	-
Corporate Bonds	A2	1,375,606	149,682	1,225,924	-
Corporate Bonds	A3	1,123,460	-	1,123,460	-
Corporate Bonds	Aa3	1,029,226	-	1,029,226	-
Corporate Bonds	Baa1	842,562	-	842,562	-
Corporate Bonds	Baa2	2,584,804	621,867	1,962,937	-
Corporate Bonds	Baa3	366,483	-	366,483	-
Other Investments:					
Mutual Funds	No Rating	80,623,609			
Total Investments		$ 100,587,702			

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of May 31, 2025, the Authority had the following investments:

			Investment Maturities (Years)		
Investment Type	Credit Rating	Fair Market Value	Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	$ 6,746,904	$ 578,339	$ 6,168,565	$ -
U.S. Government Agencies	Aaa	3,385,236	1,517,617	1,867,619	-
Corporate Bonds	Aaa	346,080	-	346,080	-
Corporate Bonds	A1	1,496,549	323,946	1,172,603	-
Corporate Bonds	A2	973,682	-	973,682	-
Corporate Bonds	A3	614,089	-	614,089	-
Corporate Bonds	Aa3	837,578	-	837,578	-
Corporate Bonds	Baa1	1,242,208	298,437	943,771	-
Corporate Bonds	Baa2	2,246,746	137,000	2,109,746	-
Corporate Bonds	Baa3	676,926	324,494	352,432	-
Other Investments:					
Mutual Funds	No Rating	70,990,665			
Total Investments		$ 89,556,663			

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, 2026 and 2025, 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, 2026:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	$ 9,933,446	$ -	$ 9,933,446	$ -
U.S. Government Agencies	1,412,650	-	1,412,650	-
Corporate Bonds	8,617,997	-	8,617,997	-
Mutual Funds	80,623,609	80,623,609	-	-
Total Investments by Fair Value Level	$ 100,587,702	$ 80,623,609	$ 19,964,093	$ -

The Authority has the following recurring fair value measurements as of May 31, 2025:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	$ 6,746,904	$ -	$ 6,746,904	$ -
U.S. Government Agencies	3,385,236	-	3,385,236	-
Corporate Bonds	8,433,858	-	8,433,858	-
Mutual Funds	70,990,665	70,990,665	-	-
Total Investments by Fair Value Level	$ 89,556,663	$ 70,990,665	$ 18,565,998	$ -

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, 2026 and 2025.

NOTE 4. CAPITAL ASSETS

The following is a summary of utility plant for the year ended May 31, 2026:

	Beginning Balance	Additions	Transfers	Adjustment and Retirements	Ending Balance
Capital Assets Not Being Depreciated/Amortized:					
Land	$ 28,172,374	$ -	$ -	$ (44,879)	$ 28,127,495
Construction Work in Progress	21,490,974	51,563,563	(43,595,989)	(633,269)	28,825,279
Total Capital Assets Not Being Depreciated	49,663,348	51,563,563	(43,595,989)	(678,148)	56,952,774
Other Capital Assets:					
Source of Supply	64,248,761	-	2,203,943	(1,828)	66,450,876
Pumping Structures and Equipment	45,852,508	-	1,703,865	(2,171,445)	45,384,928
Water Treatment Plant and Equipment	247,527,046	-	17,733,909	(4,526,804)	260,734,151
Transmission and Distribution	573,854,054	-	14,868,166	(1,731,735)	586,990,485
General Plant	117,126,724	47,320	7,086,106	(25,088,858)	99,171,292
Right-to-Use - Lease Asset:					
Leased Equipment	63,673	8,066	-	(11,757)	59,982
Leased Facilities	677,027	63,629	-	(79,720)	660,936
SBITA Asset	24,709,145	787,539	-	(1,136,488)	24,360,196
Intangible Assets	7,010,852	-	-	-	7,010,852
Total Other Capital Assets	1,081,069,790	906,554	43,595,989	(34,748,635)	1,090,823,698
Less: Accumulated Depreciation/Amortization:					
Source of Supply	17,561,349	$688,481	-	(488)	18,249,342
Pumping Structures and Equipment	31,147,972	$1,430,819	-	(2,170,251)	30,408,540
Water Treatment Plant and Equipment	142,873,636	$9,213,649	-	(4,238,707)	147,848,578
Transmission and Distribution	187,578,079	$10,158,260	-	(988,574)	196,747,765
General Plant	94,497,503	$6,469,579	-	(25,122,800)	75,844,282
Right-to-Use - Lease Asset:					
Leased Equipment	26,695	13,777	-	(11,757)	28,715
Leased Facilities	301,405	85,691	-	(79,721)	307,375
SBITA Asset	2,478,894	3,192,145	-	(522,156)	5,148,883
Intangible Assets	958,727	781,728	-	-	1,740,455
Total Accumulated Depreciation/ Amortization	477,424,260	32,034,129	-	(33,134,454)	476,323,935
Total Other Capital Assets - Net	603,645,530	(31,127,575)	43,595,989	(1,614,181)	614,499,763
Utility Plant - Net	$ 653,308,878	$ 20,435,988	$ -	$ (2,292,329)	$ 671,452,537

The following is a summary of utility plant for the year ended May 31, 2025:

	Beginning Balance	Additions	Transfers	Adjustment and Retirements	Ending Balance
Capital Assets Not Being Depreciated/Amortized:					
Land	$ 28,085,903	$86,471	$ -	$ -	$ 28,172,374
Construction Work in Progress	32,554,313	53,567,300	(58,245,993)	(6,384,646)	21,490,974
Total Capital Assets Not Being Depreciated	60,640,216	53,653,771	(58,245,993)	(6,384,646)	49,663,348
Other Capital Assets:					
Source of Supply	62,076,430	-	2,260,535	(88,204)	64,248,761
Pumping Structures and Equipment	44,481,486	-	1,379,522	(8,500)	45,852,508
Water Treatment Plant and Equipment	233,124,546	-	14,402,500	-	247,527,046
Transmission and Distribution	556,040,458	-	19,905,781	(2,092,185)	573,854,054
General Plant	113,045,453	629,981	4,491,871	(1,040,581)	117,126,724
Right-to-Use - Lease Asset:					
Leased Equipment	67,039	-	-	(3,366)	63,673
Leased Facilities	640,901	36,750	-	(624)	677,027
SBITA Asset	7,322,790	3,696,279	15,805,784	(2,115,708)	24,709,145
Intangible Assets	1,887,700	5,123,152	-	-	7,010,852
Total Other Capital Assets	1,018,686,803	9,486,162	58,245,993	(5,349,168)	1,081,069,790
Less: Accumulated Depreciation/Amortization:					
Source of Supply	16,936,769	647,275	-	(22,695)	17,561,349
Pumping Structures and Equipment	29,731,029	1,422,326	-	(5,383)	31,147,972
Water Treatment Plant and Equipment	134,441,004	8,432,632	-	-	142,873,636
Transmission and Distribution	178,297,498	9,920,443	-	(639,862)	187,578,079
General Plant	89,839,090	5,458,382	-	(799,969)	94,497,503
Right-to-Use - Lease Asset:					
Leased Equipment	13,203	16,858	-	(3,366)	26,695
Leased Facilities	216,595	84,810	-	-	301,405
SBITA Asset	2,862,336	1,638,098	-	(2,021,540)	2,478,894
Intangible Assets	230,365	728,362	-	-	958,727
Total Accumulated Depreciation/ Amortization	452,567,889	28,349,186	-	(3,492,815)	477,424,260
Total Other Capital Assets - Net	566,118,914	(18,863,024)	58,245,993	(1,856,353)	603,645,530
Utility Plant - Net	$ 626,759,130	$ 34,790,747	$ -	$ (8,240,999)	$ 653,308,878

During fiscal years 2026 and 2025, the Authority retired assets with accumulated depreciation totaling approximately $32.6 million and $1.5 million, respectively.

NOTE 5. LEASE RECEIVABLES

The Authority, acting as lessor, leases land under long-term, noncancelable lease agreements. The leases expire at various dates through fiscal year 2082. During the year ended May 31, 2026, the Authority recognized $145,051 and $58,919 in lease revenue and interest revenue, respectively, pursuant to these contracts. During the year ended May 31, 2025, the Authority recognized $96,634 and $30,220 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

Year Ending May 31,	Principal	Interest	Total
2027	$ 94,521	$ 54,258	$ 148,779
2028	98,396	50,361	148,757
2029	51,449	47,342	98,791
2030	57,406	45,166	102,572
2031	61,633	42,754	104,387
Thereafter	1,224,700	883,181	2,107,881
Totals	$ 1,588,105	$ 1,123,062	$ 2,711,167

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*. The descriptions below pertain to the Authority's *General Bond Resolution*, adopted July 31, 1980, as amended and supplemented.

Construction

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

Debt Service

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

Debt Reserve

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

Payments-in-Lieu-of-Taxes (PILOT)

The Act requires the Authority to make payments-in-lieu-of-taxes (PILOT) to the municipalities in which the Authority owns property. The Authority is required to make monthly deposits into the PILOT Fund in amounts sufficient to provide funds for PILOT that has become owed 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, 2026 and 2025, 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.

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

	2026	2025
Construction	$ 71,452,622	$ 77,946,244
Debt Reserve	24,963,034	24,794,046
Debt Service	33,945,310	31,306,215
Payments-in-Lieu-of-Taxes (PILOT)	4,787,854	4,109,925
Operating Reserve	12,666,480	12,343,656
Capital Contingency	6,271,409	6,244,220
Rate Stabilization	10,000,000	10,000,000
Other Purposes	375,758	2,785,484
Restricted Assets	$ 164,462,467	$ 169,529,790

The level of funds required by the *General Bond Resolution* was met on May 31, 2026 and 2025.

NOTE 7. LONG-TERM LIABILITIES

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

2026	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	$ 495,880,000	$ -	$ (22,895,000)	$ 472,985,000	$ 25,720,000
Net Bond Premiums and Discounts	39,881,160	-	(4,132,418)	35,748,742	-
Total Bonds Payable	535,761,160	-	(27,027,418)	508,733,742	25,720,000
Drinking Water Loans - Direct Borrowing	38,806,169	3,275,142	(2,247,806)	39,833,505	2,348,130
Lease Payable	402,116	71,694	(94,084)	379,726	98,579
SBITA Payable	6,689,107	1,003,339	(1,910,074)	5,782,372	994,295
Net Pension Liability	8,795,429	-	(8,795,429)	-	-
Net OPEB Liability	15,181,074	-	(554,827)	14,626,247	-
Total	$ 605,635,055	$ 4,350,175	$ (40,629,638)	$ 569,355,592	$ 29,161,004

2025	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	$ 505,300,000	$ 77,330,000	$ (86,750,000)	$ 495,880,000	$ 22,895,000
Net Bond Premiums and Discounts	40,636,652	9,999,478	(10,754,970)	39,881,160	-
Total Bonds Payable	545,936,652	87,329,478	(97,504,970)	535,761,160	22,895,000
Drinking Water Loans - Direct Borrowing	38,538,049	2,354,070	(2,085,950)	38,806,169	2,193,400
Lease Payable	498,802	47,397	(144,083)	402,116	84,316
SBITA Payable	4,517,356	5,221,991	(3,050,240)	6,689,107	1,027,437
Net Pension Liability	11,622,449	-	(2,827,020)	8,795,429	-
Net OPEB Liability	16,145,432	-	(964,358)	15,181,074	-
Total	$ 617,258,740	$ 94,952,936	$ (106,576,621)	$ 605,635,055	$ 26,200,153

NOTE 7. LONG-TERM LIABILITIES (Continued)

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.

Revenue bonds outstanding comprise the following:

2026	Issuance Date*	Original Maturity Date*	Original Principal	Original Interest Rate	Balance May 31, 2026
2010 Series A	2010	2040	$ 31,385,000	6.243%-6.393%	$ 28,720,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	3,335,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	13,700,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	80,670,000
Thirty-Third A	2018	2047	10,900,000	3.000%-5.000%	9,815,000
Thirty-Third B-1 (Refunding Bonds)	2017	2041	33,845,000	3.000%-5.000%	21,040,000
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%	9,460,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	74,715,000
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%	38,435,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	35,820,000
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%	8,575,000
Thirty-Seventh A-1	2023	2051	15,595,000	5.00%	15,060,000
Thirty-Seventh A-2 (Green Bonds)	2023	2053	2,230,000	5.00%	2,230,000
Thirty-Seventh B-1 (Refunding Bonds)	2024	2029	11,110,000	5.00%	9,720,000
Thirty-Eighth (Refunding Bonds)	2025	2043	55,430,000	5.00%	55,430,000
Thirty-Ninth A	2025	2054	18,675,000	5.00%	18,615,000
Thirty-Ninth A (HSV)	2025	2039	3,225,000	5.00%	3,090,000
Total					$ 472,985,000

*Dates are based on calendar year

2025	Issuance Date*	Original Maturity Date*	Original Principal	Original Interest Rate	Balance May 31, 2025
2010 Series A	2010	2040	$ 31,385,000	6.243%-6.393%	$ 30,080,000
Twenty-Ninth (Refunding Bonds)	2014	2029	44,880,000	3.000%-5.000%	5,515,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	4,355,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	14,145,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	88,780,000
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%	22,100,000
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%	9,960,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	74,795,000
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%	39,040,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	36,210,000
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%	9,855,000
Thirty-Seventh A-1	2023	2051	15,595,000	5.00%	15,335,000
Thirty-Seventh A-2 (Green Bonds)	2023	2053	2,230,000	5.00%	2,230,000
Thirty-Seventh B-1 (Refunding Bonds)	2024	2029	11,110,000	5.00%	11,110,000
Thirty-Eighth (Refunding Bonds)	2025	2043	55,430,000	5.00%	55,430,000
Thirty-Ninth A	2025	2054	18,675,000	5.00%	18,675,000
Thirty-Ninth A (HSV)	2025	2039	3,225,000	5.00%	3,225,000
Total					$ 495,880,000

*Dates are based on calendar year

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

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 payments received by the Authority in fiscal year 2025 and fiscal year 2026. The percent is subject to further change.

The interest subsidy received totaled approximately $616 thousand dollars for the fiscal year ended May 31, 2026, and $644 thousand dollars for the fiscal year ended ending May 31, 2025, respectively. The fiscal 2025 amount has been adjusted for the over payment received in fiscal year 2024 and trued-up in fiscal year 2025 and excludes any interest associated with payment processing delays. The dollar amount of the subsidy decreases as principal payments are made.

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

Year Ending May 31,	Principal	Interest
2027	$ 25,720,000	$ 19,925,145
2028	26,775,000	18,864,313
2029	27,910,000	17,751,250
2030	29,140,000	16,492,822
2031	30,500,000	15,143,583
2032-2036	146,610,000	56,189,241
2037-2041	105,900,000	28,226,655
2042-2046	43,035,000	12,787,204
2047-2051	27,135,000	5,424,325
2052-2056	10,260,000	828,000
Total	$ 472,985,000	$ 191,632,538

The following represents the more significant requirements of the Authority's *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 2026 and 2025. 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, 2026 and 2025, 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 2049.

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

Year Ending May 31,	Principal	Interest	Total
2027	$ 98,579	$ 8,604	$ 107,183
2028	95,704	5,670	101,374
2029	64,034	3,314	67,348
2030	46,181	2,119	48,300
2031	47,208	1,092	48,300
Thereafter	28,020	153	28,173
Totals	$ 379,726	$ 20,952	$ 400,678

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

	2026	2025
Equipment	$ 59,982	$ 63,673
Buildings	660,936	677,027
Less: Accumulated Amortization	(336,090)	(328,100)
Total	$ 384,828	$ 412,600

SBITAs Payable

The Authority has entered into subscription-based information technology arrangements (SBITAs) for software used in the operation of the Authority.

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

Year Ending May 31,	Principal	Interest	Total
2027	$ 994,295	$ 185,227	$ 1,179,522
2028	979,466	151,031	1,130,497
2029	1,001,596	116,525	1,118,121
2030	1,032,547	81,166	1,113,713
2031	901,707	50,926	952,633
Thereafter	872,761	29,974	902,735
Totals	$ 5,782,372	$ 614,849	$ 6,397,221

Assets acquired through outstanding SBITA agreements are shown below, by underlying asset class.

	2026	2025
Subscription Based Information Technology Arrangements	$ 24,360,196	$ 24,709,145
Less: Accumulated Amortization	(5,148,883)	(2,478,894)
Total	$ 19,211,313	$ 22,230,251

Maintenance of Funds

The *General Bond Resolution* provides for the maintenance of certain funds as discussed in Note 6, 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 2026, the Authority authorized approximately $28.0 million of cash and cash equivalents to be transferred to the General Fund and, subsequently, approximately $22.7 million to be transferred from the General Fund to the Construction Fund and approximately $2.5 million to be transferred to the Growth Fund. $2.75 million of the approximately $28.0 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.

On March 13, 2025, the Authority issued $55,430,000 (par value) of Water System Revenue Refunding Bonds, Thirty-eighth Series, to tender refund certain maturities of the Authority's Thirty-second Series B, Thirty-third Series B-1, Thirty-fourth Series B Taxable, and Thirty-fifth Series Taxable Bonds. The tender refunding reduced debt service payments by $5,098,014 and represents an economic gain (difference between the present values of the debt service payments on the old and new debt) of $4,122,308. This was a tender refunding with an immediate call.

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 may be financed by interim financing revenue bonds, and/or internally generated funds, until such projects are complete. 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. Alternatively, qualified projects can be funded through DWSRF interim funding obligations and proceeds are provided as the project progresses. As of May 31, 2026, the Authority had one interim funding obligation. Project loan obligations are at parity with the Authority's revenue bonds under the *General Bond Resolution*.

Long-term loan obligations mature as follows:

Year Ending May 31,	Principal	Interest
2027	$ 2,348,130	$ 762,155
2028	2,395,525	714,760
2029	2,443,875	666,407
2030	2,493,204	617,078
2031	2,543,528	566,755
2032-2036	13,508,774	2,042,644
2037-2041	9,932,172	778,207
2042-2046	3,514,868	116,603
Total*	$ 39,180,076	$ 6,264,609

*Does not include Interim Funding Obligation in the amount of $653,429.

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 8. BOND ANTICIPATION NOTES PAYABLE

In 2025, $50,500 was drawn for temporary financing to be utilized for capital projects. As of May 31, 2026, there is no outstanding principal balance. Bond anticipation note transactions for the year ended May 31, 2026 were as follows:

Outstanding, May 31, 2025	$ 50,500
New Borrowings	-
Repayments	(50,500)
Outstanding, May 31, 2026	$ -

NOTE 9. HAZWASTE CENTRAL

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

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

NOTE 10. 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, 2026, the Authority has an estimated $20.1 million projected remaining capital expenditures associated with ongoing projects under cancellable binding contracts. In addition, the agreement for the implementation and on-going support of a new Customer Information System has a termination fee of $1.35 million during the second year-post go-live. A second agreement regarding a solar array contains a termination for convenience fee of approximately $1.3 million. The Authority does not intend to terminate these agreements resulting in a payment of a termination fee.

Prior to the closing of the AWA transaction to acquire Aquarion, the Authority had certain responsibilities and obligations under executed agreements. Any and all obligations of the Authority ceased at the closing of the transaction on June 30, 2026.

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 $2,076,608 letter of credit that expires March 1, 2027. There were no borrowings on this letter of credit as of May 31, 2026 and 2025.

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, 2026 and 2025, were as follows:

2026	Beginning Balance	Claims and Expenses Paid	Adjustment and Reserves	Ending Balance
Medical and Dental Claims	$ 564,440	$ (7,616,581)	$ 7,656,883	$ 604,742
Insurance Reserve for "Captive" (October 1, 2000 – Present)	2,073,625	(797,706)	857,706	2,133,625
Insurance Reserve (Pre October 1, 2000)	235,134	(199,372)	129,712	165,474
Total Liability	$ 2,873,199	$ (8,613,659)	$ 8,644,301	$ 2,903,841

2025	Beginning Balance	Claims and Expenses Paid	Adjustment and Reserves	Ending Balance
Medical and Dental Claims	$ 623,359	$ (7,000,571)	$ 6,941,652	$ 564,440
Insurance Reserve for "Captive" (October 1, 2000 - Present)	2,109,805	(482,544)	446,364	2,073,625
Insurance Reserve (Pre October 1, 2000)	291,000	(179,937)	124,071	235,134
Total Liability	$ 3,024,164	$ (7,663,052)	$ 7,512,087	$ 2,873,199

NOTE 11. 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 Authority Board. 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 Authority Board. The Pension and Benefit Committee consists of all six members of the Authority Board. As of May 31, 2026, two members of senior management are authorized and empowered to act as management's Pension Review Committee for the Authority's Salaried Employees' Retirement Plan and Retirement Plan (Union), with instructions to defer final action on nonroutine or discretionary matters until they have consulted with the Pension and Benefits Committee.

At January 1, 2026, 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	188	114
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	51	41
Current Active Members	60	49
Total Members	299	204

At January 1, 2025, 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	187	114
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	53	38
Current Active Members	64	55
Total Members	304	207

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 contribution. For the year ended May 31, 2026, the Authority contributed approximately $1.5 million in excess of the actuarial required contribution. In May 31, 2025, the Authority contributed approximately $1.0 million in excess of the required contribution.

NOTE 11. DEFINED BENEFIT PENSION PLANS (Continued)

The individual plan net position at May 31, 2026, 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
ASSETS			
Cash and Cash Equivalents	$ 582,341	$ 326,177	$ 908,518
Investments:			
U.S. Government Securities	6,373,199	3,560,247	9,933,446
U.S. Government Agencies	789,989	622,661	1,412,650
Corporate Bonds	5,301,865	3,316,132	8,617,997
Mutual Funds	43,095,795	25,960,309	69,056,104
Total Assets	56,143,189	33,785,526	89,928,715
NET POSITION			
Restricted for Pension Benefits	$ 56,143,189	$ 33,785,526	$ 89,928,715
ADDITIONS			
Contributions:			
Employer	$ 2,744,165	$ 977,944	$ 3,722,109
Investment Earnings:			
Net Increase in the Fair Value of Investments	6,560,171	3,972,156	10,532,327
Investment Earnings	1,923,650	1,151,345	3,074,995
Net Investment Earnings	8,483,821	5,123,501	13,607,322
Total Additions	11,227,986	6,101,445	17,329,431
DEDUCTIONS			
Benef its	4,593,395	1,912,372	6,505,767
Expenses	218,591	135,294	353,885
Other	819	-	819
Total Deductions	4,812,805	2,047,666	6,860,471
CHANGE IN NET POSITION	6,415,181	4,053,779	10,468,960
Net Position - Beginning of Year	49,728,008	29,731,747	79,459,755
NET POSITION - END OF YEAR	$ 56,143,189	$ 33,785,526	$ 89,928,715

The individual plan net position at May 31, 2025, 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
ASSETS			
Cash and Cash Equivalents	$ 881,856	$ 520,752	$ 1,402,608
Investments:			
U.S. Government Securities	4,403,940	2,342,976	6,746,916
U.S. Government Agencies	1,320,353	817,583	2,137,936
Corporate Bonds	5,411,699	3,022,159	8,433,858
Mutual Funds	37,710,160	23,028,277	60,738,437
Total Assets	49,728,008	29,731,747	79,459,755
NET POSITION			
Restricted for Pension Benefits	$ 49,728,008	$ 29,731,747	$ 79,459,755
ADDITIONS			
Contributions:			
Employer	$ 2,397,959	$ 1,083,864	$ 3,481,823
Investment Earnings:			
Net Increase in the Fair Value of Investments	2,675,127	1,647,782	4,322,909
Investment Earnings	1,638,703	979,354	2,618,057
Net Investment Earnings	4,313,830	2,627,136	6,940,966
Total Additions	6,711,789	3,711,000	10,422,789
DEDUCTIONS			
Benefits	4,099,632	1,889,592	5,989,224
Expenses	217,391	106,258	323,649
Other	(7,380)	(15,190)	(22,570)
Total Deductions	4,309,643	1,980,660	6,290,303
CHANGE IN NET POSITION	2,402,146	1,730,340	4,132,486
Net Position - Beginning of Year	47,325,862	28,001,407	5,327,269
NET POSITION - END OF YEAR	$ 49,728,008	$ 29,731,747	$ 79,459,755

NOTE 11. DEFINED BENEFIT PENSION PLANS (Continued)

Investments

Investment Policy

The Authority Board 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, 2026 and 2025, the associated targets were as follows:

	Target Allocation	
Asset Class	2026	2025
Fixed Income	30%	30%
U.S. Equity	37	37
Global	4	4
International Equity	14	14
Alternative, Hedge, and Swing	15	15
Total	100%	100%

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

Rate of Return

For the year ended May 31, 2026, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.42% for the salaried plan and 17.55% for the bargaining unit plan.

For the year ended May 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.30% for the salaried plan and 9.59% for the bargaining unit plan.

Net Pension Liability (Asset) of the Authority

The components of the net pension liability (asset) of the Authority at May 31, 2026, were as follows:

	Salaried Plan	Bargaining Unit Plan
Total Pension Liability	$ 55,873,053	$ 31,743,271
Plan Fiduciary Net Position	56,143,188	33,785,527
Net Pension Liability (Asset)	$ (270,135)	$ (2,042,256)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.48%	106.43%

The components of the net pension liability (asset) of the Authority at May 31, 2025, were as follows:

	Salaried Plan	Bargaining Unit Plan
Total Pension Liability	$ 56,204,869	$ 32,050,315
Plan Fiduciary Net Position	49,728,008	29,731,747
Net Pension Liability	$ 6,476,861	$ 2,318,568
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.48%	92.77%

Actuarial Assumptions

The total pension liability as of May 31, 2026 was determined by an actuarial valuation as of January 1, 2026, rolled forward to May 31, 2026, 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, 2025 was determined by an actuarial valuation as of January 1, 2025, rolled forward to May 31, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates for the year ended May 31, 2026, for the Salaried Plan were based on the PubG-2016 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-2016 Total Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale. Mortality rates for the year ended May 31, 2025, were based on the corresponding PubG-2010 tables 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, 2026, (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	4.7%
U.S. Equity	7.2
Global	7.7
International Equity	7.7
Alternatives, Hedge, and Swing	6.4

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, 2025, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8%
U.S. Equity	8.5
Global	8.1
International Equity	7.4
Alternatives, Hedge, and Swing	6.2

Discount Rate

The discount rate used to measure the total pension liability as of May 31, 2026, 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, 2025, 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, 2026 and 2025, 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.

NOTE 11. DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Net Pension Liability (Asset)

Changes in the net pension liability (asset) at May 31, 2026 were as follows:

	Salaried Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)–(b)
Balances - June 1, 2025	$ 56,204,869	$ 49,728,008	$ 6,476,861
Changes for the Year:			
Service Cost	469,544	-	469,544
Interest on Total Pension Liability	3,637,030	-	3,637,030
Differences Between Expected and Actual Experience	155,005	-	155,005
Employer Contributions	-	2,744,165	(2,744,165)
Net Investment Gain	-	8,483,820	(8,483,820)
Benefit Payments , Including Refund to Employee Contributions	(4,593,395)	(4,593,395)	-
Administrative Expenses	-	(218,591)	218,591
Other	-	(819)	819
Net Changes	(331,816)	6,415,180	(6,746,996)
Balances - May 31, 2026	$ 55,873,053	$ 56,143,188	$ (270,135)

	Bargaining Unit Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)–(b)
Balances - June 1, 2025	$ 32,050,315	$ 29,731,747	$ 2,318,568
Changes for the Year:			
Service Cost	83,459	-	83,459
Interest on Total Pension Liability	2,083,588	-	2,083,588
Differences Between Expected and Actual Experience	(561,719)	-	(561,719)
Employer Contributions	-	977,944	(977,944)
Net Investment Gain	-	5,123,502	(5,123,502)
Benefit Payments , Including Refund to Employee Contributions	(1,912,372)	(1,912,372)	-
Administrative Expenses	-	(135,294)	135,294
Net Changes	(307,044)	4,053,780	(4,360,824)
Balances - May 31, 2026	$ 31,743,271	$ 33,785,527	$ (2,042,256)

Changes in the net pension liability (asset) at May 31, 2025 were as follows:

	Salaried Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)–(b)
Balances - June 1, 2024	$ 55,047,939	$ 47,325,862	$ 7,722,077
Changes for the Year:			
Service Cost	490,576	-	490,576
Interest on Total Pension Liability	3,564,304	-	3,564,304
Differences Between Expected and Actual Experience	1,438,047	-	1,438,047
Changes in Assumptions	(236,365)	-	(236,365)
Employer Contributions	-	2,397,959	(2,397,959)
Net Investment Gain	-	4,313,830	(4,313,830)
Benefit Payments , Including Refund to Employee Contributions	(4,099,632)	(4,099,632)	-
Administrative Expenses	-	(217,391)	217,391
Other	-	7,380	(7,380)
Net Changes	1,156,930	2,402,146	(1,245,216)
Balances - May 31, 2025	$ 56,204,869	$ 49,728,008	$ 6,476,861

	Bargaining Unit Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)–(b)
Balances - June 1, 2024	$ 31,901,779	$ 28,001,407	$ 3,900,372
Changes for the Year:			
Service Cost	89,539	-	89,539
Interest on Total Pension Liability	2,076,288	-	2,076,288
Differences Between Expected and Actual Experience	(507,861)	-	(507,861)
Changes in Assumptions	(73,182)	-	(73,182)
Changes in Benefit Terms	453,344	-	453,344
Employer Contributions	-	1,083,864	(1,083,864)
Net Investment Gain	-	2,627,136	(2,627,136)
Benefit Payments , Including Refund to Employee Contributions	(1,889,592)	(1,889,592)	-
Administrative Expenses	-	(106,258)	106,258
Other	-	15,190	(15,190)
Net Changes	148,536	1,730,340	(1,581,804)
Balances - May 31, 2025	$ 32,050,315	$ 29,731,747	$ 2,318,568

NOTE 11. DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Authority for the year ended May 31, 2026, 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 (asset) 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	$ 4,581,335	$ (270,135)	$ (4,485,238)
Bargaining Unit Plan	$ 931,220	$ (2,042,256)	$ (4,608,315)

The following presents the net pension liability (asset) of the Authority for the year ended May 31, 2025, 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 (asset) 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	$ 11,403,647	$ 6,476,861	$ 2,194,126
Bargaining Unit Plan	$ 5,400,199	$ 2,318,568	$ (336,599)

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

For the years ended May 31, 2026 and 2025, the Authority recognized pension expense of $1,218,810 and $2,100,511, respectively. At May 31, 2026 and 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2026		
	Deferred Outflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ 286,983	$ -	$ 286,983
	Deferred Inflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ -	$ 303,533	$ 303,533
Changes of Assumptions	33,127	5,578	38,705
Difference Between Projected and Actual Earning on Pension Plan Investments	5,515,934	3,379,565	8,895,499
Total	$ 5,549,061	$ 3,688,676	$ 9,237,737

	2025		
	Deferred Outflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ 1,001,844	$ 81,475	$ 1,083,319
	Deferred Inflows of Resources		
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	$ -	$ 273,283	$ 273,283
Changes of Assumptions	134,746	39,380	174,126
Difference Between Projected and Actual Earning on Pension Plan Investments	588,698	393,445	982,143
Total	$ 723,444	$ 706,108	$ 1,429,552

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

Year Ending May 31,	Amount
2027	$ (2,184,963)
2028	(3,015,987)
2029	(2,075,119)
2030	(1,674,685)
Total	$ (8,950,754)

NOTE 12. 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 to receive this contribution. In addition, beginning on June 1, 2025 (fiscal 2026), for salaried employees hired after January 1, 2011, that contribute up to 4% of their base wages to the 401k plan, the Authority will make a 50% matching contribution up to 2%. There is no change in the match for salaried employees hired before January 1, 2011. 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 before April 15, 2010, received a 0.5% Authority contribution for plan year 2024 and 1.25% effective June 1, 2024, with no change in the employer match. Bargaining unit employees hired after April 15, 2010, and before April 15, 2014, receive an Authority contribution of 4% of pay with 100% vesting. Bargaining unit employees hired after April 15, 2014, receive an Authority contribution of 4% 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. In addition, for bargaining unit employees hired after April 15, 2010, that contribute up to 4% of their base wages to the 401k plan, the Authority will make a 50% matching contribution, up to a maximum contribution of 2% of the participant's base wages. This contribution is in addition to the non-elective employer contribution. Cash contributions to the plan for the years ended May 31, 2026 and 2025, are below. Fiscal 2026 employer contributions are net of forfeiture amounts applied.

	2026	2025
Employer Contributions	$ 1,909,823	$ 1,468,484
Employee Contributions	2,667,916	2,499,477

NOTE 13. 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.

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 Authority Board. The Pension and Benefit Committee consist of all six members of the Authority Board.

At January 1, 2026 and 2025, plan membership consisted of the following:

	Retiree Health Plan	
	2026	2025
Retired Members and Spouses	265	261
Active Plan Members	97	107
Members Death Benefits Only	201	208
Total Participants	563	576

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.

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Valuation of Investments

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

Funding Policy

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

Union Employees and Spouses:

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

Nonunion Employees and Spouses:

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

The Authority's cash contribution to the trust was $1,570,423 for the fiscal year ended May 31, 2026. The Authority's contribution was based on the actuarially calculated recommended cash contribution.

Investments

Investment Policy

The Authority Board 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, 2026 and 2025, the associated targets were as follows:

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

The asset allocation targets were approved by the Authority Board on April 19, 2018. Effective July 18, 2019, the Authority Board 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, 2026 and 2025, the annual money-weighted rate of return on investments, net of investment expense, was 17.65% and 9.37%, 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.

NOTE 13. 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, 2026 and 2025. The components of the net OPEB liability of the Authority at May 31, 2026, were as follows:

Total OPEB Liability	$ 26,305,903
Plan Fiduciary Net Position	11,679,656
Net OPEB Liability	$ 14,626,247
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.40%

The components of the net OPEB liability of the Authority at May 31, 2025, were as follows:

Total OPEB Liability	$ 25,513,409
Plan Fiduciary Net Position	10,332,335
Net OPEB Liability	$ 15,181,074
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	40.50%

Actuarial Assumptions

The total OPEB liability for May 31, 2026, was determined by an actuarial valuation as of January 1, 2026, rolled forward to May 31, 2026, 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	7.00% Per Year Graded Dow Using the Getzen Model to an Ultimate Rate of 4.04% Per Year

The total OPEB liability for May 31, 2025 was determined by an actuarial valuation as of January 1, 2025, rolled forward to May 31, 2025, 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 Dow Using the Getzen Model to an Ultimate Rate of 4.00% Per Year

Mortality rates for the year ended May 31, 2026, were based on the 2016 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, 2025 were based on the 2010 Public Sector Retirement Plans Mortality table for above-average-salary general employee populations with MP-2021 mortality improvement scale.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset as of May 31, 2026, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	4.7%
US Equity	7.2
Global Equities	7.7
International Equity	7.7
Alternative, Hedge, and Swing	6.4

The best estimates of arithmetic real rates of return for each major asset as of May 31, 2025 as summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8%
US Equity	8.5
Global Equities	8.1
International Equity	7.4
Alternative, Hedge, and Swing	6.2

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% for the years ended May 31, 2026 and 2025. 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.

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Changes in the Net OPEB Liability

	2026		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)–(b)
Balances - June 1, 2025	$ 25,513,409	$ 10,332,335	$ 15,181,074
Changes for the Year:			
Service Cost	232,250	-	232,250
Interest	1,643,463	-	1,643,463
Differences Between Expected and Actual Experience	292,980	-	292,980
Changes in Assumptions	583,839	-	583,839
Benefit Payments , Including Refund to Employee Contributions	(2,284,499)	(2,284,499)	-
Contributions - Employer	-	1,570,423	(1,570,423)
Contributions - Retiree	324,461	324,461	-
Net Investment Income	-	1,785,398	(1,785,398)
Administrative Expense	-	(48,462)	48,462
Net Changes	792,494	1,347,321	(554,827)
Balances - May 31, 2026	$ 26,305,903	$ 11,679,656	$ 14,626,247

	2025		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)–(b)
Balances - June 1, 2024	$ 26,230,544	$ 10,085,112	$ 16,145,432
Changes for the Year:			
Service Cost	210,047	-	210,047
Interest	1,691,038	-	1,691,038
Differences Between Expected and Actual Experience	69,201	-	69,201
Changes in Assumptions	(374,167)	-	(374,167)
Benefit Payments , Including Refund to Employee Contributions	(2,562,780)	(2,562,780)	-
Contributions - Employer	-	1,694,075	(1,694,075)
Contributions - Retiree	249,526	249,526	-
Net Investment Income	-	913,344	(913,344)
Administrative Expense	-	(46,942)	46,942
Net Changes	(717,135)	247,223	(964,358)
Balances - May 31, 2025	$ 25,513,409	$ 10,332,335	$ 15,181,074

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, 2026, 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	$ 16,423,034	$ 14,626,247	$ 13,035,587

The following presents the net OPEB liability of the Authority for the year ended May 31, 2025 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	$ 17,003,022	$ 15,181,074	$ 13,573,327

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, 2026, 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:

	Healthcare Cost		
	1% Decrease (6.00% Decreasing to 3.04%)	Trend Rates (7.00% Decreasing to 4.04%)	1% Increase (8.00% Decreasing to 5.04%)
Net OPEB Liability	$ 12,913,953	$ 14,626,247	$ 16,560,563

The following presents the net OPEB liability of the Authority for the year ended May 31, 2025 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:

	Healthcare Cost		
	1% Decrease (5.50% Decreasing to 3.00%)	Trend Rates (6.50% Decreasing to 4.00%)	1% Increase (7.50% Decreasing to 5.00%)
Net OPEB Liability	$ 13,443,021	$ 15,181,074	$ 17,152,092

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

For the years ended May 31, 2026 and 2025, the Authority recognized OPEB expense of $1,083,008 and $627,192, respectively. At May 31, 2026 and 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,014,371	$ 1,012,881
Changes of Assumptions	766,889	330,778
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	1,164,342
Total	$ 1,781,260	$ 2,508,001

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 976,956	$ 1,791,632
Changes of Assumptions	675,778	424,785
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	95,646
Total	$ 1,652,734	$ 2,312,063

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

Year Ending May 31,	Amount
2027	$ (421,464)
2028	(481,577)
2029	11,932
2030	(15,132)
2031	87,158
Thereafter	92,342
Total	$ (726,741)

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, 2026, actuarial valuation, the frozen entry age normal actuarial funding method was used with a healthcare cost trend of 7.00% graded down by the Getzen Model to an ultimate rate of 4.04% annually and a discount rate of 6.75%.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 15, 2026, the date the financial statements were available to be issued.

On June 3, 2026, the Authority issued $70,455,000 (par value) of Water System Revenue Refunding Fortieth Series to refund $77,965,000 of certain maturities of the Thirty-second Series A and Series B. The refunding reduced total debt service payments by $6,192,561 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of $5,413,646. The Authority deposited proceeds of the refunding portion 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.

On July 2, 2026, the Authority issued $15,900,000 (par value) of Water System Revenue Bonds Forty-first Series. These bonds were used to partially fund the capital improvement plan and cost of issuance.

Prior to the closing of the AWA transaction to acquire Aquarion, the Authority had certain responsibilities and obligations under executed agreements. Any and all obligations of the Authority ceased at the closing of the transaction on June 30, 2026. Post-closing the Authority has been reimbursed for transaction related costs, shown as Due From Related Party on the accompanying Statements of Net Position, paid as of May 31, 2026, and accrued costs not yet paid by the Authority, as of the end of the fiscal year, were funded by AWA.

NOTE 15. REPORTING ENTITY

In 1999, the Authority established the Watershed Fund 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).

In addition, in the Connecticut General Assembly's June 2024 Special Session, Special Act 24-01 was passed. This Act created the Aquarion Water Authority (AWA) and allowed for AWA to own and operate Aquarion Water Company if AWA was the successful bidder.

As of May 31, 2026, the Watershed Fund and AWA, legally separate entities, met the criteria for inclusion as blended component units of the Authority in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended.

The accompanying financial statements do not include the financial activity of the Watershed Fund and AWA. Accordingly, the reporting entity presented in these financial statements is not consistent with generally accepted accounting principles applicable to governmental entities regarding the inclusion of component units.

AWA reported total assets and liabilities of approximately $1.61 billion, respectively, for the year ended May 31, 2026. AWA reported total assets and liabilities of approximately $14.8 million, respectively, for the year ended May 31, 2025.

The Watershed Fund reported total assets of approximately $1.9 million, liabilities of $.2 million, and net position of $1.7 million for the year ended May 31, 2026. The Watershed Fund reported total assets of approximately $2.0 million, liabilities of $.2 million, and net position of $1.8 million for the year ended May 31, 2025. The change in net position for the Watershed Fund was $(81) thousand and $55 thousand for fiscal years 2026 and 2025, respectively.

These amounts have not been incorporated into the accompanying financial statements.

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

SALARIED PLAN	2026	2025	2024
Total Pension Liability:			
Service Cost	$ 469,544	$ 490,576	$ 490,070
Interest	3,637,030	3,564,304	3,473,849
Differences Between Expected and Actual Experience	155,005	1,438,047	1,005,788
Changes in Assumptions	-	(236,365)	-
Changes in Benefit Terms	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(4,593,395)	(4,099,632)	(3,632,795)
Other	-	-	-
Net Change in Total Pension Liability	(331,816)	1,156,930	1,336,912
Total Pension Liability - Beginning	56,204,869	55,047,939	53,711,027
Total Pension Liability - Ending	55,873,053	56,204,869	55,047,939
Plan Fiduciary Net Position:			
Contributions - Employer	2,744,165	2,397,959	3,194,706
Contributions - Member	-	-	-
Net Investment Income (Loss)	8,483,820	4,313,830	5,790,716
Benefit Payments, Including Refunds of Member Contributions	(4,593,395)	(4,099,632)	(3,632,795)
Administrative Expense	(218,591)	(217,391)	(213,153)
Other	(819)	7,380	(8,356)
Net Change in Plan Fiduciary Net Position	6,415,180	2,402,146	5,131,118
Plan Fiduciary Net Position - Beginning	49,728,008	47,325,862	42,194,744
Plan Fiduciary Net Position - Ending	56,143,188	49,728,008	47,325,862
Net Pension Liability (Asset) - Ending	$ (270,135)	$ 6,476,861	$ 7,722,077
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.48%	88.48%	85.97%
Covered Payroll	$ 7,125,264	$ 7,521,702	$ 7,310,563
Net Pension Liability as a Percentage of Covered Payroll	-3.79%	86.11%	105.63%

2023	2022	2021	2020	2019	2018	2017
$ 503,924	$ 519,885	$ 507,879	$ 606,804	$ 729,789	$ 748,940	$ 656,669
3,469,492	3,356,740	3,311,644	3,178,341	2,997,121	2,925,239	2,930,761
(555,409)	1,098,396	808,104	1,090,249	1,923,819	166,471	979,655
-	83,789	914,472	279,005	(86,868)	(204,280)	(2,323,594)
-	-	236,540	-	140,281	-	10,131
(3,188,042)	(3,360,544)	(3,194,284)	(3,056,951)	(2,868,597)	(2,462,467)	(2,992,795)
-	-	-	-	(11,600)	-	-
229,965	1,698,266	2,584,355	2,097,448	2,823,945	1,173,903	(739,173)
53,481,062	51,782,796	49,198,441	47,100,993	44,277,048	43,103,145	43,842,318
53,711,027	53,481,062	51,782,796	49,198,441	47,100,993	44,277,048	43,103,145
3,620,498	3,124,817	3,110,873	3,301,077	3,897,275	4,341,521	5,001,252
966	5,721	4,865	5,079	8,287	10,918	10,810
(70,953)	(2,179,281)	8,657,377	1,679,215	852,590	2,372,221	2,810,914
(3,188,042)	(3,360,544)	(3,194,284)	(3,056,951)	(2,868,597)	(2,462,467)	(2,992,795)
(206,201)	(210,893)	(194,562)	(173,577)	(168,432)	(165,402)	(136,687)
(13,668)	25,446	(614)	11,129	(23,335)	11,846	87,206
142,600	(2,594,734)	8,383,655	1,765,972	1,697,788	4,108,637	4,780,700
42,052,144	44,646,878	36,263,223	34,497,251	32,799,463	28,690,826	23,910,126
42,194,744	42,052,144	44,646,878	36,263,223	34,497,251	32,799,463	28,690,826
$ 11,516,283	$ 11,428,918	$ 7,135,918	$ 12,935,218	$ 12,603,742	$ 11,477,585	$ 14,412,319
78.56%	78.63%	86.22%	73.71%	73.24%	74.08%	66.56%
$ 7,574,236	$ 7,236,172	$ 7,388,009	$ 8,465,818	$ 9,160,530	$ 9,475,823	$ 9,290,589
152.05%	157.94%	96.59%	152.79%	137.59%	121.12%	155.13%

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

BARGAINING UNIT PLAN	2026	2025	2024
Total Pension Liability:			
Service Cost	$ 83,459	$ 89,539	$ 102,166
Interest	2,083,588	2,076,288	2,035,211
Differences Between Expected and Actual Experience	(561,719)	(507,861)	420,249
Changes in Assumptions	-	(73,182)	-
Changes in Benefit Terms	-	453,344	-
Benefit Payments, Including Refunds of Member Contributions	(1,912,372)	(1,889,592)	(1,883,779)
Other	-	-	-
Net Change in Total Pension Liability	(307,044)	148,536	673,847
Total Pension Liability - Beginning	32,050,315	31,901,779	31,227,932
Total Pension Liability - Ending	31,743,271	32,050,315	31,901,779
Plan Fiduciary Net Position:			
Contributions - Employer	977,944	1,083,864	1,805,294
Contributions - Member	-	-	-
Net Investment Income (Loss)	5,123,502	2,627,136	3,439,211
Benefit Payments, Including Refunds of Member Contributions	(1,912,372)	(1,889,592)	(1,883,779)
Administrative Expense	(135,294)	(106,258)	(139,731)
Other	-	15,190	(14,752)
Net Change in Plan Fiduciary Net Position	4,053,780	1,730,340	3,206,243
Plan Fiduciary Net Position - Beginning	29,731,747	28,001,407	24,795,164
Plan Fiduciary Net Position - Ending	33,785,527	29,731,747	28,001,407
Net Pension Liability (Asset) - Ending	$ (2,042,256)	$ 2,318,568	$ 3,900,372
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.43%	92.77%	87.77%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

2023	2022	2021	2020	2019	2018	2017
$ 112,296	$ 129,241	$ 125,901	$ 120,416	$ 129,285	$ 143,110	$ 155,949
1,985,848	1,942,609	1,935,401	1,766,348	1,745,484	1,695,294	1,799,197
560,843	131,988	4,344	277,635	(41,862)	520,588	406,966
-	61,809	528,267	1,533,894	(50,037)	(242,533)	(2,610,404)
-	194,495	187,272	175,513	207,281	-	83,206
(1,863,195)	(1,726,421)	(1,676,840)	(1,469,406)	(1,611,414)	(1,446,301)	(1,328,633)
-	-	-	-	(9,505)	-	-
795,792	733,721	1,104,345	2,404,400	369,232	670,158	(1,493,719)
30,432,140	29,698,419	28,594,074	26,189,674	25,820,442	25,150,284	26,644,003
31,227,932	30,432,140	29,698,419	28,594,074	26,189,674	25,820,442	25,150,284
1,556,441	1,229,525	1,154,931	1,314,032	1,239,632	1,519,216	2,175,166
-	-	450	-	-	-	-
(30,364)	(1,316,436)	5,370,416	1,042,147	508,851	1,656,511	2,021,684
(1,863,195)	(1,726,421)	(1,676,840)	(1,469,406)	(1,611,414)	(1,446,301)	(1,328,633)
(117,849)	(128,392)	(125,230)	(108,698)	(111,091)	(123,799)	(101,257)
(9,558)	18,815	848	8,727	(19,010)	10,270	46,960
(464,525)	(1,922,909)	4,724,575	786,802	6,968	1,615,897	2,813,920
25,259,689	27,182,598	22,458,023	21,671,221	21,664,253	20,048,356	17,234,436
24,795,164	25,259,689	27,182,598	22,458,023	21,671,221	21,664,253	20,048,356
$ 6,432,768	$ 5,172,451	$ 2,515,821	$ 6,136,051	$ 4,518,453	$ 4,156,189	$ 5,101,928
79.40%	83.00%	91.53%	78.54%	82.75%	83.90%	79.71%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

SALARIED PLAN	2026	2025	2024
Actuarially Determined Contribution	$ 1,621,205	$ 1,709,097	$ 1,858,865
Contributions in Relation to the Atuarially Determined Contribution	2,744,165	2,397,959	3,194,706
Contribution Excess	$ (1,122,960)	$ (688,862)	$ (1,335,841)
Covered Payroll	$ 7,125,264	$ 7,521,702	$ 7,310,563
Contributions as a Percentage of Covered Payroll	38.51%	31.88%	43.70%

NOTES TO SCHEDULE:

Valuation Date: January 1, 2026
Measurement Date: May 31, 2026

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: Determined in the aggregate equal to the actuarial present value of future normal cost divided by a temporary annuity. The actuarial present value of future normal cost equals the actuarial present value of future benefits less the adjusted actuarial value of plan assets. The temporary annuity equals the total actuarial present value of future compensation divided by the total compensation for all participants who have not reached their assumed retirement age.

2023	2022	2021	2020	2019	2018	2017
$ 1,924,696	$ 2,142,513	$ 2,089,386	$ 2,390,534	$ 2,379,603	$ 2,648,702	$ 3,356,514
3,620,498	3,124,817	3,110,873	3,301,077	3,897,275	4,341,521	5,001,252
$ (1,695,802)	$ (982,304)	$ (1,021,487)	$ (910,543)	$ (1,517,672)	$ (1,692,819)	$ (1,644,738)
$ 7,574,236	$ 7,236,172	$ 7,388,009	$ 8,465,818	$ 9,160,530	$ 9,475,823	$ 9,290,589
47.80%	43.18%	42.11%	38.99%	42.54%	45.82%	53.83%

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: Assumed life expectancies were calculated using the PubG-2016 Above Median Employee / Above Median Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection

RSI-2B SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION BARGAINING UNIT PLAN LAST TEN FISCAL YEARS

BARGAINING UNIT PLAN	2026	2025	2024
Actuarially Determined Contribution	$ 600,904	$ 771,946	$ 1,062,438
Contributions in Relation to the Actuarially Determined Contribution	977,944	1,083,864	1,805,294
Contribution Excess	$ (377,040)	$ (311,918)	$ (742,856)
Covered Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A

NOTES TO SCHEDULE:

Valuation Date: January 1, 2026
Measurement Date: May 31, 2026

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: Determined in the aggregate equal to the actuarial present value of future benefits less assets less present value of projected employee contributions less unfunded liability divided by a temporary annuity. The temporary annuity equals the actuarial present value of future service divided by the current number for those active participants who have not reached their assumed retirement age.

2023	2022	2021	2020	2019	2018	2017
$ 912,974	$ 1,077,926	$ 1,081,857	$ 840,922	$ 918,295	$ 1,126,333	$ 1,815,386
1,556,441	1,229,525	1,154,931	1,314,032	1,239,632	1,519,216	2,175,166
$ (643,467)	$ (151,599)	$ (73,074)	$ (473,110)	$ (321,337)	$ (392,883)	$ (359,780)
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Asset Valuation Method: An actuarial smoothing method based on market value of assets plus 75% of expected returns.
Inflation: 3.00%
Salary Increases: N/A
Investment Rate of Return: 6.75%, Net of Pension Plan Investment Expense, Including Inflation

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

Rule of 80 Retirement	Rates
55-60	9%
61-70	9%

Mortality: Assumed life expectancies were calculated using the PubG-2016 Total Employee / Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection.

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
SALARIED PLAN										
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.42%	9.30%	13.83%	(0.17)%	(4.90)%	23.96%	4.86%	2.59%	8.03%	11.29%
BARGAINING UNIT PLAN										
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.55%	9.59%	13.93%	(0.12)%	(4.90)%	24.26%	4.84%	2.41%	8.32%	11.47%

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

	2026	2025
Total OPEB Liability:		
Service Cost	$ 232,250	$ 210,047
Interest	1,643,463	1,691,038
Differences Between Expected and Actual Experience	292,980	69,201
Changes in Assumptions	583,839	(374,167)
Benefit Payments, Including Refunds of Member Contributions	(2,284,499)	(2,562,780)
Contributions - Retiree	324,461	249,526
Net Change in Total OPEB Liability	792,494	(717,135)
Total OPEB Liability - Beginning	25,513,409	26,230,544
Total OPEB Liability - Ending	26,305,903	25,513,409
Plan Fiduciary Net Position:		
Contributions - Employer	1,570,423	1,694,075
Contributions - Retiree	324,461	249,526
Net Investment Income	1,785,398	913,344
Benefit Payments, Including Refunds of Member Contributions	(2,284,499)	(2,562,780)
Administrative Expense	(48,462)	(46,942)
Net Change in Plan Fiduciary Net Position	1,347,321	247,223
Plan Fiduciary Net Position - Beginning	10,332,335	10,085,112
Plan Fiduciary Net Position - Ending	11,679,656	10,332,335
Net OPEB Liability - Ending	$ 14,626,247	$ 15,181,074
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.40%	40.50%
Covered Payroll**	$ 33,126,912	$ 31,277,327
Net OPEB Liability as a Percentage of Covered Payroll	44.15%	48.54%

*Note: This schedule is intended to show info rmation 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.

2024	2023	2022	2021	2020	2019	2018
$ 159,742	$ 193,996	$ 201,622	$ 221,700	$ 237,267	$ 269,556	$ 248,822
1,614,801	1,697,088	1,763,676	1,737,439	1,820,624	2,004,070	1,939,224
1,321,755	(2,124,593)	(1,108,387)	(862,322)	(1,439,393)	(4,053,660)	981,536
136,564	431,098	(266,012)	1,932,640	(1,813)	620,017	(139,795)
(2,213,576)	(1,711,375)	(1,815,778)	(1,818,909)	(1,988,168)	(1,749,662)	(2,060,052)
236,069	220,215	207,483	209,092	213,385	197,813	-
1,255,355	(1,293,571)	(1,017,396)	1,419,640	(1,158,098)	(2,711,866)	969,735
24,975,189	26,268,760	27,286,156	25,866,516	27,024,614	29,736,480	28,766,745
26,230,544	24,975,189	26,268,760	27,286,156	25,866,516	27,024,614	29,736,480
1,640,907	1,737,894	1,734,198	1,855,418	2,027,798	2,310,104	2,289,292
236,069	220,215	207,483	209,092	213,385	197,813	187,448
1,214,469	(35,715)	(500,640)	1,788,634	310,380	189,085	441,966
(2,213,576)	(1,711,375)	(1,815,778)	(1,818,909)	(1,988,168)	(1,749,662)	(2,060,052)
(51,078)	(44,553)	(46,975)	(42,645)	(35,761)	(37,451)	(35,081)
826,791	166,466	(421,712)	1,991,590	527,634	909,889	823,573
9,258,321	9,091,855	9,513,567	7,521,977	6,994,343	6,084,454	5,260,881
10,085,112	9,258,321	9,091,855	9,513,567	7,521,977	6,994,343	6,084,454
$ 16,145,432	$ 15,716,868	$ 17,176,905	$ 17,772,589	$ 18,344,539	$ 20,030,271	$ 23,652,026
38.45%	37.07%	34.61%	34.87%	29.08%	25.88%	20.46%
$ 27,208,819	$ 24,864,685	$ 25,767,991	$ 23,405,010	$ 24,118,465	$ 23,941,245	$ 23,217,114
59.34%	763.21%	66.66%	75.93%	76.06%	83.66%	101.87%

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

	2026	2025	2024
Actuarially Determined			
Contribution[1]	$ 1,425,063	$ 1,478,632	$ 1,394,564
Contributions in Relation to the Actuarially Determined Contribution	1,570,423	1,694,075	1,640,907
Contribution Deficiency (Excess)	$ (145,360)	$ (215,443)	$ (246,343)
Covered Payroll	33,126,912[10]	$ 31,277,327[9]	$ 27,208,819[8]
Contributions as a Percentage of Covered Payroll	4.74%	5.42%	6.03%

(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) Includes covered payroll of $ 7,250,466 associated with death benefit only participants.
(3) Includes covered payroll of $ 8,599,668 associated with death benefit only participants.
(4) Includes covered payroll of $ 10,883,465 associated with death benefit only participants.
(5) Includes covered payroll of $ 10,473,676 associated with death benefit only participants.
(6) Includes covered payroll of $ 12,310,635 associated with death benefit only participants.
(7) Includes covered payroll of $ 12,247,686 associated with death benefit only participants.
(8) Includes covered payroll of $ 15,321,269 associated with death benefit only participants.
(9) Includes covered payroll of $ 19,388,804 associated with death benefit only participants.
(10) Includes covered payroll of $ 21,589,326 associated with death benefit only participants.

2023	2022	2021	2020	2019	2018	2017
$ 1,543,626	$ 1,598,057	$ 1,662,556	$ 1,851,431	$ 2,175,583	$ 2,143,071	$ 2,486,586
1,737,894	1,734,198	1,855,418	2,027,798	2,310,104	2,289,292	2,301,583
$ (194,268)	$ (136,141)	$ (192,862)	$ (176,367)	$ (134,521)	$ (146,221)	$ 185,003
$ 24,864,685[7]	$ 25,767,991[6]	$ 23,405,010[5]	$ 24,118,465[4]	$ 23,941,245[3]	$ 23,217,114[2]	N/A
6.99%	6.73%	7.93%	8.41%	9.65%	9.86%	N/A

NOTES TO SCHEDULE:

Valuation Date: January 1, 2026
Measurement Date: May 31, 2026

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 Value of Assets as of the Measurement Date.
Salary Increases: 4.00%
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: Assumed life expectancies were calculated using the 2016 Public Sector Retirement Plans Mortality table for Above average salary general employee populations with MP-2021 mortality improvement scale.

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.65%	9.37%	13.40%	-0.39%	-5.24%	23.46%	4.37%	2.93%	8.11%

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

Regional Water Authority Board

David J. Borowy
Chair

Kevin J. Curseaden
Vice Chair

Catherine E. LaMarr
Secretary/Treasurer

Dr. Todd Cort
Mario Ricozzi
Suzanne C. Sack

Regional Water Authority Representative Policy Board

Ansonia
Thomas P. Clifford III

Beacon Falls
Peter Betkoski

Bethany
Brian Eitzer

Branford
Carolyn Mancini

Cheshire
Deena Allard

Derby
Steve Iacuone

East Haven
Michelle Verderame

Guilford
Charles Havrda

Hamden
Stephen A. Mongillo
Vice Chair

Killingworth
Jamie Mowat Young
Secretary

Madison
Joseph A. Oslander

Milford
Richard Smith

New Haven
Naomi Campbell
Chair, Consumer Affairs Committee

North Branford
Peter DeSantis

North Haven
James X. DiCarlo

Orange
Jasper J. Jaser

Prospect
Robert E. Harvey, Jr.
Chair

Seymour
Beth Nesteriak

West Haven
T. Gregory Malloy
Treasurer

Woodbridge
Mark Levine
Chair, Land Use Committee

Governor's Representative
Vincent M. Marino
Chair, Finance Committee

Regional Water Authority Management

Sunder (Sunny) Lakshminarayanan
President

Elizabeth Calo
Vice President, Corporate Services

James Hill
Vice President, Utility Operations

Rochelle Kowalski
Senior Vice President, Chief Financial Officer and Head of Corporate Development

Premjith Singh
Vice President, Customer Care; Chief Information and Digital Officer

Auditors
CliftonLarsonAllen, LLP
West Hartford, CT

General Counsel
Harris Beach Murtha
Hartford, CT

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



A Tradition of Excellence

The RWA is a multi-year winner at the International ARC Awards, the global standard for excellence in corporate reporting.

Competing on a global stage against more than 1,300 entries from nearly 30 countries, our annual reports stood out to an elite panel of CEOs and senior executives. The RWA annual reports were celebrated for their exceptional financial clarity, compelling writing, impactful visual design, and authentic representation of our organizational mission.

This prestigious recognition ultimately reflects our unwavering commitment to financial transparency and our dedication to sharing the RWA story with the highest level of professional integrity.

Regional Water Authority

Trusted Since 1849

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