

Representative Policy Board  
**Finance Committee**  
South Central Connecticut Regional Water District  
90 Sargent Drive, New Haven, Connecticut  
**\*\*[Join the meeting now](#)**  
Meeting ID: 252 028 776 855 0  
Passcode: pL9kd2xa  
Or  
**Dial in by phone**  
+1 469-965-2517,,986574662# United States, Northlake  
Phone conference ID: 986 574 662#

**AGENDA**

**Regular Meeting of Monday, October 6, 2025 at 5:00 p.m.**

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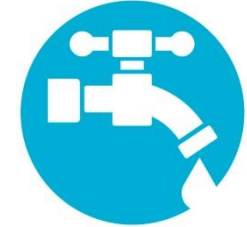
1. Safety Moment
2. Review of FY 2025 Audit Results: D. Flint and G. Epstein – Including possible executive session - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered under Section 1-210(b)(5)(B) pertaining to financial information.*
3. Approval of Minutes – September 8, 2025 meeting
4. Quarterly Financial Report: R. Kowalski
5. RPB Dashboard Quarterly Report
6. New Business
7. Next meeting is November 10, 2025 at 5:00 p.m.
8. Adjourn

**\*\*** Members of the public may attend the meeting in person or by teams using the link at the top of the agenda. To view meeting documents, please visit <https://tinyurl.com/3dybtwy8>. For questions, contact the board office at 203-401-2515 or by email at [jslubowski@rwater.com](mailto:jslubowski@rwater.com).

# SAFETY MOMENT

## FALL SAFETY

Tap Into  
Safety



Regional Water Authority

Autumn is a beautiful season; but equally dangerous. We all appreciate the beauty around us during the autumn season from the colorful leaves to the pumpkin-spiced fragrances, it is undeniably splendid. However, it is a season that can be fraught with danger as the chances of falling are heightened. Fallen leaves obscure slip risks on the ground. Wet leaves create slippery, dangerous surfaces without grip that make slipping and falling more likely.

### MINIMIZE THE RISK BY:

1. Watching your step – Be mindful of what could be underneath a leaf pile
2. Cleaning up fallen leaves – Regularly rake up fallen leaves to avoid slipping
3. Driving with awareness – Slow down and allow extra distance between you and the car in front
4. Being visible – Wear reflective clothing when working outdoors in diminishing daylight



Service – Teamwork – Accountability – Respect – Safety

9/11

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

 Regional Water Authority



# Representative Policy Board Finance Committee 2025 Audit Results Presentation

October 6, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

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# Agenda

- Audit Scope
- Reporting Results
- 2025 Changes
- Financial Highlights
- Required Communications
- Contact Information



# Audit Scope

- Under Generally Accepted Auditing Standards (GAAS)
  - Express opinion on whether the basic financial statements fairly represent the financial position and results of operations in accordance with GAAP.
- Under Governmental Auditing Standards
  - Provide a report on internal control over financial reporting and on compliance with laws, regulations, contracts, and grants.



# Audit Scope

- Under Uniform Guidance (Federal Single Audit)
  - Express an opinion on compliance related to major federal award programs.
  - Provide a report on internal control over compliance related to major federal award programs.



# Reporting Results

- Under Generally Accepted Auditing Standards
  - Unmodified opinion on the financial statements as of and for the year ended May 31, 2025.
- Under Governmental Auditing Standards
  - Report on internal control over financial reporting
    - No internal control findings were noted.
  - Report on compliance with laws, regulations, contracts and grants
    - No instances of noncompliance or other matters were noted.

# Reporting Results

- Under Uniform Guidance (Federal Single Audit)
  - Opinion on compliance requirements related to major federal programs
    - Unmodified opinion on compliance requirements.
      - Capitalization Grants for Drinking Water State Revolving Funds
        - Total Federal Expenditures under the loan/grant award: \$3,854,070
      - Congressionally Mandated Projects
        - Total Federal Expenditures under the grant award: \$829,916
  - Report on internal control over major federal program compliance requirements
    - No internal control findings were identified.



# 2025 Changes

- Implementation of GASB Statement No. 101 – Comp. Abs.
  - Accruing for additional types of leave time, and using a lower probability threshold ("more likely than not") for recognition instead of the previous "probable" standard under GASB16.
    - Not all comp time that won't be paid out is accrued under G101- only a portion representing the amount more likely than not to be used during employment.
  - All unions were evaluated, and an immaterial adjustment was made to the liability for 2025.

# Statement of Revenues, Expenses & Changes in Net Position

Net position increased \$37.3m for the fiscal year.

## OPERATING REVENUES:

- Operating revenues increased \$9.6m.
- Water revenues increased \$3.2m primarily due to the January 2025 rate increases.
- Other revenues increased \$6.5m due to the HSV acquisition in July 2024 and a full year of revenue from RWA Well Services.

## SUMMARY: REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

### OPERATING REVENUES

	2025	2024	2023
Water Revenues	\$ 138,830	\$ 135,660	\$ 131,968
Other	22,588	16,112	12,390
Total Operating Revenues	161,418	151,772	144,358

### OPERATING EXPENSES

Operating and Maintenance	67,107	62,299	58,480
Expenses Associated With Water and Other Revenue	14,861	9,821	8,648
Depreciation and Amortization	28,349	26,397	25,872
Payments in Lieu of Taxes (PILOT)	8,937	8,767	8,524
Total Operating Expenses	119,254	107,284	101,524

### OPERATING INCOME

42,164	44,488	42,834
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### NONOPERATING INCOME AND EXPENSES

Interest Income	9,697	10,932	8,115
Gain (Loss) on Disposal of Assets	(878)	(859)	(2,229)
Net Increase (Decrease) in the Fair Value of Investments	189	412	(255)
Interest Expense	(21,747)	(21,981)	(22,203)
Amortization of Bond Discount, Premium, Issuance Costs, Deferred Refunding Losses, and Goodwill	1,784	2,222	2,742
Intergovernmental Revenue	2,330	1,941	490
Other Income (Expense), Net	55	124	(237)
Total Nonoperating Expenses	(8,570)	(7,209)	(13,577)

### Income Before Contributions

33,594	37,279	29,257
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### Capital Contributions

3,689	4,240	1,781
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### CHANGE IN NET POSITION

\$ 37,283	\$ 41,519	\$ 31,038
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# Statement of Revenues, Expenses & Changes in Net Position

## OPERATING EXPENSES:

- Total operating expenses increased by \$12m.
- Operating & maintenance expenses increased \$4.8m primarily due to increases in payroll, benefits, and electricity costs.
- Expenses associated with water and other revenues increased \$5m primarily due to the HSV acquisition in July 2024 and a full year of expenses from RWA Well Services

## SUMMARY: REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

### OPERATING REVENUES

Water Revenues	\$	138,830	\$	135,660	\$	131,968
Other		22,588		16,112		12,390
Total Operating Revenues		161,418		151,772		144,358

### OPERATING EXPENSES

Operating and Maintenance	67,107	62,299	58,480
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Other Income (Expense), Net	55	124	(237)
Total Nonoperating Expenses	(8,570)	(7,209)	(13,577)

Income Before Contributions	33,594	37,279	29,257
Capital Contributions	3,689	4,240	1,781

### CHANGE IN NET POSITION

\$	37,283	\$	41,519	\$	31,038
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(In Thousands of Dollars)

May 31,

2025

2024

2023



# Statement of Revenues, Expenses & Changes in Net Position

## NONOPERATING INCOME & EXPENSES:

- Consistent year over year - \$1.2m decrease in interest income as we experienced a decrease in interest rates in FY 25.

### SUMMARY: REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

#### OPERATING REVENUES

Water Revenues	\$ 138,830	\$ 135,660	\$ 131,968
Other	22,588	16,112	12,390
Total Operating Revenues	161,418	151,772	144,358

#### OPERATING EXPENSES

Operating and Maintenance	67,107	62,299	58,480
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Total Operating Expenses	119,254	107,284	101,524

#### OPERATING INCOME

	42,164	44,488	42,834
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#### NONOPERATING INCOME AND EXPENSES

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Income Before Contributions	33,594	37,279	29,257
Capital Contributions	3,689	4,240	1,781

CHANGE IN NET POSITION	\$ 37,283	\$ 41,519	\$ 31,038
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(In Thousands of Dollars)

May 31,

2025

2024

2023



## Statement of Net Position

Net position increased \$37.3m for the fiscal year.

- Net invested in capital assets increased \$27.8m due to an increase in capital assets of \$26.6m.
- Restricted net position increased \$693k - See note 6.

### NET POSITION

Net Investment in Capital Assets

138,221

110,393

94,877

Restricted:

167,053

166,360

145,335

Unrestricted

60,239

51,477

46,499

Total Net Position

365,513

328,230

286,711

Total Liabilities, Deferred Inflows of  
Resources, and Net Position

\$ 1,021,599

\$ 980,630

\$ 939,004



## Long-Term Liabilities

- Total bonds payable amounted to \$495.9m at year-end 2025, a decrease of \$9.4m.
- Drinking water loans increased \$268k, new loans were offset by loan payments.
- SBITA payable increased \$2.2m due to the implementation of the Itineris Customer Information System.
- The net Pension liability decreased \$2.8m and the Net OPEB liability decreased \$1m mainly due positive investment returns in FY 2025.

2025	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Bonds Payable:</b>					
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	-
<b>Total Bonds Payable</b>	<b>545,936,652</b>	<b>87,329,478</b>	<b>(97,504,970)</b>	<b>535,761,160</b>	<b>22,895,000</b>
 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	-
 <b>Total</b>	 <b>\$ 617,258,740</b>	 <b>\$ 94,952,936</b>	 <b>\$ (106,576,621)</b>	 <b>\$ 605,635,055</b>	 <b>\$ 26,200,153</b>



# Required Communications

- Qualitative aspects of accounting practices
- Difficulties encountered in performing the audit
- Uncorrected misstatements
- Corrected misstatements
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Management representations



# Required Communications

- Management consultations with other independent accountants
- Significant issues discussed with management prior to engagement
- Required Supplementary Information
- Supplementary information
- Other information



# Contact Information

- Key Engagement Team Members
  - David Flint, CPA – Engagement Principal
    - Phone: 860-570-6379
    - Email: [david.flint@claconnect.com](mailto:david.flint@claconnect.com)
  - Gabriel Epstein, CPA – Director
    - Phone: 860-570-6435
    - Email: [gabriel.epstein@claconnect.com](mailto:gabriel.epstein@claconnect.com)



# Questions?



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

We have audited the financial statements of the business-type activities and fiduciary activities of South Central Connecticut Regional Water Authority as of and for the year ended May 31, 2025, and have issued our report thereon dated September 23, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our planning communication dated February 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

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

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

##### *Accounting policies*

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

As described in Note 2, the entity changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No.101, *Compensated Absences*, in 2025. The standard was adopted prospectively, due to the immaterial impact of the change.

The entity also changed accounting policies related to financial reporting by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No.99, *Omnibus 2022*, and Statement of Governmental Accounting Standards Board (GASB Statement) No.100, *Accounting Changes and Error Corrections*, in 2025. The adoption of these standards did not result in any impact to the financial statements.

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

##### *Accounting estimates*

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

- Management's estimate of the net pension liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the methods, assumptions, and data used to develop the net pension liability and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net other post-employment benefit (OPEB) liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the methods, assumptions, and data used to develop the net other post-employment benefit (OPEB) liability and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the incurred but not reported (IBNR and self-insurance claims) is based on claims amounts owed by the South Central Connecticut Regional Water Authority for claimants who have had a covered loss but have not yet reported it. We evaluated the methods, assumptions, and data used to develop the incurred but not reported (IBNR and self-insurance claims) and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Financial statement disclosures

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

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

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

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

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

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

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

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

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

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

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated September 23, 2025.

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

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

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

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

***Required supplementary information***

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

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

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 23, 2025.

**Other information included in annual reports**

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

\* \* \*

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

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

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 23, 2025



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority (the Authority), as of and for the year ended May 31, 2025, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the South Central Connecticut Regional Water Authority failed to comply with the terms, covenants, provisions, or conditions of Sections 610(D) and 610(E) of the Water System Revenue Bond Resolution of the Authority adopted on July 31, 1980, as amended and supplemented December 21, 2023, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the terms, covenants, provisions, or conditions of Sections 610(D) and 610(E) of the Water System Revenue Bond Resolution of the Authority adopted on July 31, 1980 as amended and supplemented December 21, 2023, and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 23, 2025

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**FEDERAL SINGLE AUDIT REPORT**  
**YEAR ENDED MAY 31, 2025**



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**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

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

***Opinion on Each Major Federal Program***

We have audited South Central Connecticut Regional Water Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on South Central Connecticut Regional Water Authority's major federal programs for the year ended May 31, 2025. South Central Connecticut Regional Water Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Central Connecticut Regional Water Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2025.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Central Connecticut Regional Water Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of South Central Connecticut Regional Water Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of South Central Connecticut Regional Water Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

Members  
South Central Connecticut Regional Water Authority

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

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

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

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

We have audited the financial statements of the business-type activities and fiduciary activities of South Central Connecticut Regional Water Authority, as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise South Central Connecticut Regional Water Authority's basic financial statements. We have issued our report thereon dated September 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 23, 2025

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MAY 31, 2025**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Project Name</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Environmental Protection Agency</b>					
<i>Passed Through the State of Connecticut Department of Public Health:</i>					
Capitalization Grants for Drinking Water State Revolving Funds:					
	66.468	Derby Water Storage Tank Project - Subsidy	DWSRF No. 2023-7115	\$ -	\$ 1,500,000
	66.468	Derby Water Storage Tank Project - Loan	DWSRF No. 2023-7115	-	2,354,070
Total Capitalization Grants for Drinking Water State Revolving Funds:				-	3,854,070
<i>Direct:</i>					
Congressionally Mandated Projects:					
	66.202	Lake Gaillard HVAC and Electrical Improvements Project	N/A	-	829,916
Total Environmental Protection Agency:				-	4,683,986
<b>Total Expenditures of Federal Awards</b>				<b>\$ -</b>	<b>\$ 4,683,986</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
MAY 31, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of South Central Connecticut Regional Water Authority, under programs of the federal government for the year ended May 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

**Basis of Accounting**

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

**NOTE 2 INDIRECT COST RECOVERY**

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



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

Members  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of South Central Connecticut Regional Water Authority, as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the South Central Connecticut Regional Water Authority's basic financial statements, and have issued our report thereon dated September 23, 2025.

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

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

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

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

Members  
South Central Connecticut Regional Water Authority

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

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

***Purpose of This Report***

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

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

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 23, 2025

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MAY 31, 2025**

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

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**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Federal Programs**

**Assistance Listing Number(s)**

66.468

**Name of Federal Program or Cluster**

Capitalization Grants for Drinking Water State Revolving Funds

66.202

Congressionally Mandated Projects

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

\$   750,000  

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED MAY 31, 2025**

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

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

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

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



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**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2025 AND 2024**



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

Members  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority, as of and for the years ended May 31, 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Central Connecticut Regional Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 23, 2025, 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 23, 2025

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

## **INTRODUCTION**

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

## **CONTENTS OF THE AUDITED FINANCIAL STATEMENTS**

The Authority's audited financial statements include the following:

- Statements of net position

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

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

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

- Statements of cash flows

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

- Statements of fiduciary net position

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

- Notes to financial statements

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

**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 this time there were also other changes made to Special Act 77-98, as amended. Additionally, in the June 2024 Special Session, Special Act 24-01 was passed and signed into law in July. Special Act 24-01 created the Aquarion Water Authority (AWA) and allowed AWA to own and operate Aquarion Water Company, if AWA was a successful bidder, and subject to regulatory approvals.

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

**FINANCIAL HIGHLIGHTS**

	<i>(In Thousands of Dollars)</i>		
	<b>May 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>SUMMARY: REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION</b>			
<b>OPERATING REVENUES</b>			
Water Revenues	\$ 138,830	\$ 135,660	\$ 131,968
Other	22,588	16,112	12,390
Total Operating Revenues	<u>161,418</u>	<u>151,772</u>	<u>144,358</u>
<b>OPERATING EXPENSES</b>			
Operating and Maintenance	67,107	62,299	58,480
Expenses Associated With Water and Other Revenue	14,861	9,821	8,648
Depreciation and Amortization	28,349	26,397	25,872
Payments in Lieu of Taxes (PILOT)	8,937	8,767	8,524
Total Operating Expenses	<u>119,254</u>	<u>107,284</u>	<u>101,524</u>
<b>OPERATING INCOME</b>	42,164	44,488	42,834
<b>NONOPERATING INCOME AND EXPENSES</b>			
Interest Income	9,697	10,932	8,115
Gain (Loss) on Disposal of Assets	(878)	(859)	(2,229)
Net Increase (Decrease) in the Fair Value of Investments	189	412	(255)
Interest Expense	(21,747)	(21,981)	(22,203)
Amortization of Bond Discount, Premium, Issuance Costs, Deferred Refunding Losses, and Goodwill	1,784	2,222	2,742
Intergovernmental Revenue	2,330	1,941	490
Other Income (Expense), Net	55	124	(237)
Total Nonoperating Expenses	<u>(8,570)</u>	<u>(7,209)</u>	<u>(13,577)</u>
Income Before Contributions	33,594	37,279	29,257
Capital Contributions	<u>3,689</u>	<u>4,240</u>	<u>1,781</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 37,283</u>	<u>\$ 41,519</u>	<u>\$ 31,038</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

**Operating revenues**

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.

The change in water revenues from fiscal 2023 to fiscal 2024 is primarily due to the rate increase that went into effect on June 28, 2023. The primary drivers of the increase in other revenues are the third acquisition, under RWA Well Services, in October 2023, and a full-year impact of a prior PipeSafe price adjustment.

**Operating expenses**

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 are other net changes across multiple accounts.

Operating and maintenance expenses from fiscal 2023 to fiscal 2024 increased by approximately \$3.8 million. The larger increases are due to payroll expense, employee benefits, chemicals, electric services, and Information Technology Licenses and Maintenance fees. Pension expense, under GASB 68 and Other Post Employment Benefits (OPEB) expense, under GASB 75, decreased from fiscal 2023 to fiscal 2024. There were other net changes across multiple accounts.

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 Subscription-Based Information Technology Arrangements (SBITA).

Depreciation and amortization expense increased from fiscal 2023 to fiscal 2024 primarily due to the increase in gross property plant and equipment. There was also an impact on depreciation and amortization due to the fiscal 2024 additional acquisition in RWA Well Services, LLC. This category includes amortization associated with leases under GASB 87 and SBITA under GASB 96. Depreciation also includes amortization of intangible assets associated with RWA Well Services, LLC.

Payments-in-Lieu-of-Taxes (PILOT) to municipalities increased from fiscal 2024 to fiscal 2025 and increased between fiscal 2023 and fiscal 2024. PILOT variances are primarily due to changes in pipe and mill rates.

**Nonoperating income and expenses**

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.

Interest income increased from fiscal 2023 to fiscal 2024 due to the higher interest rate environment resulting in higher earnings on investments.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

Due to market conditions, the realized and unrealized investment gain between May 2024 and May 2025 is approximately \$.2 million and the gain between May 2023 and May 2024 was approximately \$.4 million, excluding the Watershed Fund.

**Disposal of assets**

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.

In fiscal 2024 and fiscal 2023, the Authority had a net loss on the retirement and disposition of certain assets. This net loss was due to the retirement of certain "plant" assets with a remaining book value partially offset by the proceeds associated with asset dispositions. The net loss in fiscal 2024 is lower than in 2023 due to retirements having a lower remaining book value.

**Amortization**

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 amortization of bond discount, premium, issuance costs, and deferred refunding losses were more favorable in fiscal 2024 than in fiscal 2023. This is primarily due to the higher premium amortizations.

The fiscal 2025 amortization of goodwill is higher due to the amortization of the goodwill associated with the July 2024 acquisition of HSV.

**Intergovernmental revenues**

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.

Intergovernmental revenues in fiscal 2024 also increased over fiscal 2023. In fiscal 2024, two DWSRF grants were received. In fiscal 2023, two DWSRF grants were also received; however, the grant amounts were smaller.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

(In Thousands of Dollars)

	May 31,		
	2025	2024	2023
<b>SUMMARY: NET POSITION</b>			
<b>ASSETS</b>			
Depreciable Utility Plant in Service, Net	\$ 574,950	\$ 559,524	\$ 532,521
Lease Assets, Net	413	478	516
SBITA Assets, Net	22,230	4,460	5,665
Land	28,172	28,086	28,038
Construction Work in Progress	21,491	32,554	36,883
Intangible Assets, Net	6,052	1,657	819
Nonutility Land	66,608	66,143	65,474
Other Assets:			
Current	75,521	76,716	73,019
Long-Term Note Receivable	500	500	500
Long-Term Lease Receivable	1,202	1,222	1,270
Restricted Assets	169,530	172,565	151,633
Regulatory Assets	29,954	9,073	9,346
Total Assets	<u>996,623</u>	<u>952,978</u>	<u>905,684</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	5,363	12,178	14,030
Deferred Outflows - Goodwill	16,877	11,914	11,412
Deferred Outflows Related to Pensions	1,083	1,232	5,660
Deferred Outflows Related to OPEB	1,653	2,328	2,218
Total Deferred Outflows of Resources	<u>24,976</u>	<u>27,652</u>	<u>33,320</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 1,021,599</u>	 <u>\$ 980,630</u>	 <u>\$ 939,004</u>
<b>LIABILITIES</b>			
Current Liabilities	\$ 57,954	\$ 43,422	\$ 40,523
Payable from Restricted Assets	13,578	13,577	11,228
Long-Term Debt Payable	509,598	518,615	513,411
Net Premiums and Discounts	39,881	40,637	42,294
Net Pension Liability	8,795	11,623	17,949
Net OPEB Liability	15,181	16,145	15,717
Long-Term SBITA Liability	5,662	3,221	4,320
Long-Term Lease Liability	318	402	445
Other Liability	40	163	-
Total Liabilities	<u>651,007</u>	<u>647,805</u>	<u>645,887</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	1,430	133	344
Deferred Inflows Related to OPEB	2,312	3,090	4,642
Deferred Inflows Related to Leases	1,337	1,372	1,420
Total Deferred Inflows of Resources	<u>5,079</u>	<u>4,595</u>	<u>6,406</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	138,221	110,393	94,877
Restricted:	167,053	166,360	145,335
Unrestricted	60,239	51,477	46,499
Total Net Position	<u>365,513</u>	<u>328,230</u>	<u>286,711</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 1,021,599</u>	 <u>\$ 980,630</u>	 <u>\$ 939,004</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

**Capital assets**

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

The increase in capital assets from fiscal 2023 to fiscal 2024 is primarily due to the increase in Construction Work in Progress.

**Current assets**

The following itemizes the change in current assets between May 31, 2024 and 2025, and between May 31, 2023 and 2024, respectively:

	May 31,	
	2025	2024
Increase (Decrease) in Cash and Cash Equivalents	\$ (4,420,048)	\$ 3,822,050
Increase (Decrease) in Accounts Receivable, Net	2,905,660	(1,689,562)
Increase (Decrease) in Lease Receivable	(13,933)	(418)
Increase (Decrease) in Accrued Water Revenue	(961,118)	342,698
Increase (Decrease) in Interest Receivable	(15,161)	61,061
Increase (Decrease) in Materials and Supplies	(3,409)	695,452
Increase (Decrease) Watershed Fund Investments	97,200	4,232
Increase (Decrease) in Prepayments and Other Current Assets	1,213,640	461,253
	<u>1,213,640</u>	<u>461,253</u>
Net Increase (Decrease) in Current Assets	<u>\$ (1,197,169)</u>	<u>\$ 3,696,766</u>

Cash and cash equivalents decreased 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 increase in cash and cash equivalents between fiscal 2024 and fiscal 2023 is due to the increase in the Growth Fund, the General Fund, and the Revenue Fund. Through the year-end disposition, the Authority more than replenished expenditures from the Growth Fund and the net increase in this fund's balance was \$1.2 million. Through the year-end disposition the General Fund was increased by \$1 million. The net increase in the Revenue Fund, subsequent to the year-end disposition, was approximately \$.9 million. Also, through the year-end disposition, approximately \$21.5 million was transferred into the Construction Fund, reflected under Restricted Assets. In addition, a contribution was made to the Construction Fund from RWA Well Services.

The increase in account receivable, net is primarily due to the disruption (e.g., auto-pay) 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.

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The decrease in the accounts receivable, net in both fiscal 2024 and fiscal 2023 primarily relates to an improvement in customer accounts receivable from each of the prior year's balances from the elevated level due to impacts from COVID-19. This is partially offset by the impact on customer accounts receivable associated with both the June 2023 and the January 2022 rate increase.

The decrease in accrued revenue from fiscal 2025 and fiscal 2024 is primarily due to the timing of billing at year-end. The increase in accrued revenue from fiscal 2024 and fiscal 2023, is primarily due to the June 2023 and January 2022 rate increases.

The decrease in interest receivables in fiscal 2025 is primarily due to the lower accrued investment earnings because of the lower interest rate environment. The increase in interest receivables in fiscal 2024 is primarily due to the higher accrued investment earnings because of the higher interest rate environment impacting earnings.

Materials and supplies in fiscal 2025 are comparable to the balance at the end of fiscal 2024, with a change of less than \$10 thousand.

The increase in materials and supplies in fiscal 2024 primarily relates to the flexnets in inventory. There was also a small increase in general stores and miscellaneous supplies that are more than offset by a reduction in chemical inventory.

The increase in prepayments and other current assets from fiscal 2024 to fiscal 2025 is primarily due to jobbing receivables.

The increase in prepayments and other current assets from fiscal 2023 to fiscal 2024 is primarily due to the increase in prepaids, including insurance, partially offset by a lower jobbing receivable.

**Watershed Fund Investments:**

Between May 31, 2024, and May 31, 2025, the Watershed Fund investments reflect a small net increase in market value of approximately \$97 thousand.

Between May 31, 2023 and May 31, 2024, the Watershed Fund investments reflect a small net increase in market value of approximately \$4 thousand.

**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

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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 \$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.

Restricted assets increased by approximately by \$20.9 million between May 31, 2024, and May 31, 2023. This increase is primarily due to the \$15.2 million increase in the Construction Fund. This increase is due to the year-end disposition, the remaining proceeds from the May DWSRF financing proceeds, and the use of the Thirty-seventh Series bond proceeds and DWSRF financing proceeds available to partially fund the capital program. These increases to the Construction fund were partially offset by capital expenditures funded through internally generated funds. The Debt Reserve Fund increased through both DWSRF financing, and the Thirty-seventh Series bonds and the Capital Contingency was increased through DWSRF financing. The Operating Reserve increased due to the year-end transfer into the Operating Reserve, as required under the *General Bond Resolution*, an increase in the Debt Service Fund, the PILOT Fund, and an increase in Restricted Accounts Receivable also contributed to the increase in Restricted Assets.

**Other long-term assets**

As of May 31, 2025, regulatory assets, excluding the AWA related 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 \$4.4 million. The AWA related regulatory assets totaled approximately \$14.8 million as of May 31, 2025. There is a corresponding due to RWA from AWA for this amount as this will be reimbursed by AWA, if the AWA transaction to acquire Aquarion receives regulatory approval and closes.

As of May 31, 2024, regulatory assets totaled \$9.1 million, net of amortizations, representing a decrease of approximately \$.2 million over May 31, 2023. Regulatory assets include \$4.5 million of bond issuance costs and \$4.6 million in regulatory assets, including \$3.7 million deferred charges of estimated environmental remediation costs of a site on Newhall Street in Hamden, Connecticut, and other regulatory assets totaling \$.9 million.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
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**Deferred Outflows:**

Goodwill results primarily 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. Additionally, in fiscal 2025 goodwill was recorded associated with the Authority's HSV transaction. In fiscal 2024, goodwill increased due to the October 2023 acquisition by RWA Well Services, LLC. 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, 2025 and 2024, no impairment of goodwill has occurred.

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, 2024, and May 31, 2023, deferred outflows associated with refunding decreased by approximately \$1.8 million primarily due to the 37th Series and amortizations.

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 pension and OPEB deferred outflows.

Between May 31, 2024, and May 31, 2023, deferred outflows associated with Pension and OPEB decreased by approximately \$4.3 million.

**Current liabilities**

The Authority's current liabilities, excluding liabilities associated with AWA, increased by approximately \$3.2 million between May 31, 2024 and May 31, 2025. This increase is primarily due to the increased deferred revenue due to HSV. The current liabilities also include approximately \$11.3 million associated with AWA. This amount includes the bridge commitment for the financing and professional fees incurred but not yet due or paid.

The authority's current liabilities increased by approximately \$2.9 million between May 31, 2023 and May 31, 2024. The increase is primarily due to the increase in the current portion of bonds payable and the current portion of DWSRF project loan obligations. Also contributing to the increase is accounts payable, customer advances, and other current liabilities.

**Payables from restricted assets**

Between May 31, 2024, and May 31, 2025, payables from restricted assets is 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.

Between May 31, 2023, and May 31, 2024, payables from restricted assets increased by approximately \$2.3 million. This increase is primarily due to an increase in accounts payable for construction, inclusive of retainage, as well as an increase in customer advances. These increases were partially offset by a reduction in accrued interest payable.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

**Other long-term liabilities**

The balance in other long-term liabilities associated with the Newhall Street site in Hamden remained zero as of May 31, 2025. The balance was also zero as of May 31, 2024. The May 31, 2025 balance relates to the Watershed Fund.

The May 31, 2024 balance relates to the October 2024 transaction by RWA Well Services, LLC.

**Long-term debt**

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 is 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.

Between May 31, 2024, and May 31, 2023, long-term Water Revenue Bonds payable, at par, decreased by approximately \$7.2 million, excluding the current portion. This is due to the August 2023 payment and the 37<sup>th</sup> B-1 refunding partially offset by the 37<sup>th</sup> Series financing. Net premiums and discounts from revenue bonds payable decreased by approximately \$1.7 million due to amortizations partially offset by the 37<sup>th</sup> Series premium and the net premium impact associated with the 37<sup>th</sup> B-1 Refunding Series.

There is also an increase in the non-current current portion of DWSRF project loan obligations in fiscal 2024. This is due to the two DWSRF financing during fiscal 2024, including the relatively large West River Treatment Plant Improvements partially offset by principal payments throughout the fiscal year.

**Net pension liability**

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.

Between May 31, 2023 and May 31, 2024, the net pension liability decreased by approximately \$6.3 million. This decrease is primarily due to the anticipated investment earnings versus the actual returns. While the market values were down at the end of fiscal 2023, by the end of fiscal 2024 market values recovered and surpassed prior levels. In fiscal 2024, contributions were approximately \$2.1 million in excess of the actuarial required contribution, and this also contributed to the reduction in the liability. Actual versus expected experience was higher for the bargaining unit and the salaried plan partially offsetting the higher investment earnings.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

**Net other post-employment benefit liability**

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.

Between May 31, 2023, and May 31, 2024, the net other post-employment benefit liability increased by approximately \$.4 million. This is primarily due to the actual vs. expected experience. This was partially offset by the increase in the investment earnings.

**Deferred Inflows**

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.

Between May 31, 2023, and May 31, 2024, deferred inflows were lower by approximately \$1.8 million. This is primarily due the decrease in the OPEB deferred inflows.

**Net Investment in Capital 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.

Between May 31, 2024, and May 31, 2023, 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. The October 2023 acquisition under RWA Well Services, LLC also increased the capital assets. These increases are partially offset by an increase in accounts payable for construction. The year-over-year increase is approximately \$15.5 million.

**Net position, restricted**

Restricted net position decreased, excluding the AWA regulatory assets 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 increase.

Restricted net position increased approximately \$21.0 million from May 31, 2023, to May 31, 2024, primarily due to the year-over-year increase in restricted assets, net of remaining financing proceeds. By the end of fiscal 2024, the 37<sup>th</sup> Series proceeds were fully expended. There were remaining proceeds from the May 2024 DWSRF financing.

**Unrestricted net position**

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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED MAY 31, 2025 AND 2024**

Unrestricted net position increased by approximately \$5.0 million from May 31, 2023, to May 31, 2024, 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 unrestricted net position of RWA Well Services contributed to this increase.

**THE AUTHORITY'S CUSTOMER BASE**

The Authority's customer base is primarily residential and commercial. Of the Authority's approximately 121,100 customers, 116,500 are residential and commercial water customers. The customer base also includes industrial, public authority, wholesale, and fire service. Between May 31, 2024 and May 31, 2025, there has been minimal growth in the Authority's customer base.

**LIQUIDITY AND CAPITAL RESOURCES**

Utilizing the Maintenance Test calculations as prescribed in the *General Bond Resolution*, in fiscal 2025 the Authority received approximately \$141.5 million in cash from operations and a combined \$5.7 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 2025 year-end disposition of the Revenue Fund, the Authority had approximately \$20.3 million available after funding required reserves. The Authority transferred \$2.5 million into the General Fund, approximately \$1.75 million into the Growth Fund and transferred approximately \$16.1 million to the Construction Fund, including the funding of depreciation. In addition, in fiscal 2025, the Authority contributed to the pension plans approximately \$1.0 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 December 2024, Moody's Investor Services affirmed the Aa3 rating on outstanding debt and Standard & Poor's Rating Services in December 2024 affirmed the Authority's credit rating of AA-.

**FINANCIAL STATEMENT PRESENTATION**

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

**REQUEST FOR INFORMATION**

Please note that the Authority's audited financial statements include data from its fiscal years ended May 31, 2025 and 2024. 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 Senior Vice President, Chief Financial Officer & Head of Corporate Development, South Central Connecticut Regional Water Authority, 90 Sargent Drive, New Haven, Connecticut 06511.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**MAY 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
Utility Plant:		
Depreciable Property, Plant, and Equipment in Service	\$ 1,048,609,093	\$ 1,008,768,373
Accumulated Depreciation	(473,658,539)	(449,245,390)
Depreciable Utility Plant in Service	574,950,554	559,522,983
Lease Assets, Net	412,600	478,142
SBITA Assets, Net	22,230,251	4,460,454
Land	28,172,374	28,085,903
Construction Work in Progress	21,490,974	32,554,313
Intangible Assets, Net	6,052,125	1,657,335
Total Utility Plant, Net	653,308,878	626,759,130
Nonutility Land	66,608,007	66,142,921
Current Assets:		
Cash and Cash Equivalents	38,870,632	43,290,680
Accounts Receivable, Less Allowance for Doubtful Accounts of \$3,016,800 in 2025 and \$3,968,699 in 2024	12,972,052	10,066,392
Lease Receivable	75,439	89,372
Accrued Water Revenue	12,320,467	13,281,585
Accrued Interest Receivable	303,001	318,162
Materials and Supplies	3,590,604	3,594,013
Watershed Fund - Investment in Community Foundation Portfolio	1,884,991	1,787,791
Prepaid Expenses and Other Assets	5,501,771	4,288,131
Total Current Assets	75,518,957	76,716,126
Note Receivable	500,000	500,000
Lease Receivable	1,202,435	1,221,518
Restricted Assets	169,529,790	172,564,533
Regulatory Assets	29,954,495	9,073,313
Total Assets	996,622,562	952,977,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charge on Refunding	5,363,437	12,177,953
Deferred Outflows - Goodwill	16,876,594	11,913,817
Deferred Outflows Related to Pensions	1,083,319	1,231,876
Deferred Outflows Related to OPEB	1,652,734	2,328,425
Total Deferred Outflows of Resources	24,976,084	27,652,071

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**MAY 31, 2025 AND 2024**

	2025	2024
<b>LIABILITIES</b>		
Noncurrent Liabilities:		
Revenue Bonds Payable, Less Current Portion	\$ 472,985,000	\$ 482,130,000
Drinking Water Loans Payable	36,612,769	36,484,447
Net Premiums and Discounts from Revenue Bonds Payable	39,881,160	40,636,652
Net Pension Liability	8,795,429	11,622,449
Net OPEB Liability	15,181,074	16,145,432
SBITA Liability	5,661,670	3,221,293
Lease Liability	317,800	402,487
Other Liability	40,000	162,500
Total Noncurrent Liabilities	579,474,902	590,805,260
Current Liabilities:		
Current Maturities of Bonds Payable	22,895,000	23,170,000
Current Maturities of Drinking Water Loans Payable	2,193,400	2,053,602
Accounts Payable	17,086,477	5,573,059
Bond Anticipation Notes Payable	50,500	50,500
Customer Deposits and Advances	1,768,810	1,925,395
Other Accrued Liabilities	12,847,581	9,257,009
Current Maturities of SBITA Liability	1,027,437	1,296,063
Current Maturities of Lease Liability	84,316	96,315
Total Current Liabilities	57,953,521	43,421,943
Payable from Restricted Assets:		
Accounts Payable for Construction	5,350,245	5,145,827
Accrued Interest Payable	6,974,941	6,981,376
Customer Deposits and Advances	1,253,070	1,450,144
Total Liabilities Payable from Restricted Assets	13,578,256	13,577,347
Total Liabilities	651,006,679	647,804,550
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	1,429,552	132,401
Deferred Inflows Related to OPEB	2,312,063	3,090,279
Deferred Inflows Related to Leases	1,337,115	1,372,086
Total Deferred Inflows of Resources	5,078,730	4,594,766
<b>NET POSITION</b>		
Net Investment in Capital Assets	138,221,025	110,392,818
Restricted		
Construction	77,946,244	82,361,027
Debt	49,125,320	47,639,121
Payments-in-Lieu-of-Taxes (PILOT)	4,109,925	4,001,290
Operating Reserve	12,343,656	11,934,924
Capital Contingency	6,244,220	6,220,680
Rate Stabilization	10,000,000	10,000,000
Other Purposes	2,032,414	2,475,971
Watershed Fund	1,782,478	1,727,360
AWA	3,468,412	-
Unrestricted	60,239,543	51,477,105
Total Net Position	\$ 365,513,237	\$ 328,230,296

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>OPERATING REVENUES</b>		
Water Revenues:		
Residential and Commercial	\$ 112,635,564	\$ 110,735,863
Industrial	2,707,467	2,298,951
Fire Protection	14,059,323	13,695,496
Public Authority	3,379,670	3,266,497
Wholesale	1,099,386	987,999
Other Water Revenues	4,947,997	4,675,852
Other Revenue	<u>22,588,382</u>	<u>16,111,647</u>
Total Operating Revenues	161,417,789	151,772,305
<b>OPERATING EXPENSES</b>		
Operating and Maintenance Expense	67,106,825	62,298,731
Depreciation and Amortization	28,349,186	26,397,384
Payments in Lieu of Taxes	8,936,945	8,766,684
Other Water Expenses	2,652,942	2,051,643
Cost of Other Revenue	<u>12,208,439</u>	<u>7,769,842</u>
Total Operating Expenses	119,254,337	107,284,284
<b>OPERATING INCOME</b>	42,163,452	44,488,021
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest Income	9,696,570	10,932,348
Gain (Loss) on Disposal of Assets	(877,526)	(859,223)
Net Increase (Decrease) in the Fair Value of Investments	189,070	411,980
Interest Expense	(21,746,792)	(21,981,080)
Amortization of Bond Discount, Premium, Issuance		
Cost, Deferred Losses, and Goodwill	1,783,658	2,221,853
Intergovernmental Revenue	2,329,916	1,940,999
Other Income (Expense), Net	<u>55,118</u>	<u>123,893</u>
Total Nonoperating Expense	(8,569,986)	(7,209,230)
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	33,593,466	37,278,791
Capital Contributions	<u>3,689,475</u>	<u>4,240,498</u>
<b>CHANGE IN NET POSITION</b>	37,282,941	41,519,289
Net Position - Beginning of Year	<u>328,230,296</u>	<u>286,711,007</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 365,513,237</u>	<u>\$ 328,230,296</u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Water Sales	\$ 137,271,503	\$ 137,664,181
Cash Received from Other Services	22,588,382	16,111,647
Cash Paid to Employees	(27,496,432)	(25,717,505)
Cash Paid to Suppliers for Operations	(48,210,420)	(42,791,368)
Cash Paid To Suppliers for Other Services	(10,552,989)	(6,475,871)
Cash Paid for Payments in Lieu of Taxes	(8,937,617)	(8,766,684)
Net Cash Provided by Operating Activities	<u>64,662,427</u>	<u>70,024,400</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	9,711,732	10,871,287
Sale of Restricted Investments - Watershed Fund	80,595	196,472
Purchase of Restricted Investments	(245,670,950)	(217,024,630)
Sale of Restricted Investments	248,039,986	198,448,076
Other Investing Activities	(6,402,333)	-
Contributions to/from, Net	(800,000)	(1,444,159)
Net Cash Provided (Used) by Investing Activities	<u>4,959,030</u>	<u>(8,952,954)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for Utility Plant	(58,896,629)	(47,514,874)
Proceeds from Disposition of Assets	679,368	546,345
Proceeds from Issuance of Bond Anticipation Notes	3,400,500	50,500
Proceeds from Issuance of Drinking Water Loans	2,354,070	14,528,820
Proceeds from Issuance of Revenue Bonds	21,900,000	17,825,000
Proceeds from Issuance of Refunding Bonds	55,430,000	11,110,000
Premium on Bond Issuances	2,311,439	3,255,456
Premium on Refunding Bond Issuances	7,688,037	-
Principal Payments on Revenue Bonds	(23,170,000)	(22,565,000)
Payments on Drinking Water Loans	(2,085,950)	(1,438,924)
Payments on Bond Anticipation Notes	(3,400,500)	(50,500)
Payments for Retirement of Revenue Bonds	(63,580,000)	(13,000,000)
Interest Paid	(21,524,318)	(22,157,512)
Grant Proceeds	1,754,707	1,940,999
Capital Contributions, Net of Restricted Deposit	4,708,263	2,076,030
Lease Payments Received	35,377	93,635
Payments on SBITAs	(1,573,743)	(1,873,505)
Payments on Leases	(72,126)	(75,866)
Net Cash Used by Capital and Related Financing Activities	<u>(74,041,505)</u>	<u>(57,249,396)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,420,048)	3,822,050
Cash and Cash Equivalents - Beginning of Year	<u>43,290,680</u>	<u>39,468,630</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 38,870,632</u></u>	<u><u>\$ 43,290,680</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 42,163,452	\$ 44,488,021
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	28,349,186	26,397,384
Bad Debt Expense	(540,229)	30,469
Other	186,888	820,171
Change in:		
Accounts Receivable and Accrued Water Revenue	(1,399,532)	1,316,395
Materials and Supplies	3,410	(695,452)
Prepaid Expenses and Other Assets	(1,098,173)	(461,253)
Regulatory Assets	(15,700,779)	(250,294)
Deferred Outflows of Resources - Pension	148,557	4,428,256
Deferred Outflows of Resources - OPEB	675,691	(110,477)
Accounts Payable	11,493,126	642,184
Net Pension Liability	(2,827,020)	(6,326,602)
Net OPEB Liability	(964,358)	428,564
Deferred Inflows of Resources - Pension	1,297,151	(211,504)
Deferred Inflows of Resources - OPEB	(778,216)	(1,552,050)
Deferred Inflows of Resources - Leases	(34,971)	(47,488)
Customer Deposits and Advances	(156,585)	433,234
Other Accrued Liabilities	3,844,829	694,842
Total Adjustments	<u>22,498,975</u>	<u>25,536,379</u>
Net Cash Provided by Operating Activities	<u>\$ 64,662,427</u>	<u>\$ 70,024,400</u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
STATEMENTS OF FIDUCIARY NET POSITION –  
PENSION TRUST FUND  
MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,402,608	\$ 1,611,400
Investments:		
U.S. Government Securities	6,746,916	2,667,763
U.S. Government Agencies	2,137,936	4,220,945
Corporate Bonds	8,433,858	7,895,538
Mutual Funds	60,738,437	58,931,623
Total Assets	<u>79,459,755</u>	<u>75,327,269</u>
<b>NET POSITION</b>		
Restricted for Pension Benefits	<u>\$ 79,459,755</u>	<u>\$ 75,327,269</u>

*See accompanying Notes to Financial Statements.*

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION –**  
**PENSION TRUST FUND**  
**YEARS ENDED MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 3,481,823	\$ 5,000,000
Employees	-	-
Total Contributions	<u>3,481,823</u>	<u>5,000,000</u>
Investment Earnings:		
Net Increase in the Fair Value of Investments	4,322,909	7,008,871
Investment Earnings	<u>2,618,057</u>	<u>2,221,056</u>
Net Investment Earnings	<u>6,940,966</u>	<u>9,229,927</u>
Total Additions	10,422,789	14,229,927
<b>DEDUCTIONS</b>		
Benefits	5,989,224	5,516,574
Expenses	323,649	352,884
Other	<u>(22,570)</u>	<u>23,108</u>
Total Deductions	<u>6,290,303</u>	<u>5,892,566</u>
<b>CHANGE IN NET POSITION</b>	4,132,486	8,337,361
Net Position - Beginning of Year	<u>75,327,269</u>	<u>66,989,908</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 79,459,755</u></u>	<u><u>\$ 75,327,269</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
STATEMENTS OF FIDUCIARY NET POSITION –  
RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND  
MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 80,107	\$ 213,204
Investments:		
Mutual Funds	<u>10,252,228</u>	<u>9,871,908</u>
Total Assets	<u>10,332,335</u>	<u>10,085,112</u>
<b>NET POSITION</b>		
Restricted for Retiree Benefits	<u>\$ 10,332,335</u>	<u>\$ 10,085,112</u>

*See accompanying Notes to Financial Statements.*

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION –  
RETIRED EMPLOYEES CONTRIBUTORY TRUST FUND  
YEARS ENDED MAY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,694,075	\$ 1,640,907
Retirees	<u>249,526</u>	<u>236,069</u>
Total Contributions	1,943,601	1,876,976
Investment Earnings (Loss):		
Net Increase (Decrease) in the Fair Value of Investments	545,090	910,400
Investment Earnings	<u>368,254</u>	<u>304,069</u>
Net Investment Earnings (Loss)	<u>913,344</u>	<u>1,214,469</u>
Total Additions	2,856,945	3,091,445
<b>DEDUCTIONS</b>		
Benefits	2,562,780	2,213,576
Expenses	<u>46,942</u>	<u>51,078</u>
Total Deductions	<u>2,609,722</u>	<u>2,264,654</u>
<b>CHANGE IN NET POSITION</b>	247,223	826,791
Net Position - Beginning of Year	<u>10,085,112</u>	<u>9,258,321</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 10,332,335</u></u>	<u><u>\$ 10,085,112</u></u>

*See accompanying Notes to Financial Statements.*

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2025 AND 2024**

**NOTE 1 ORGANIZATION**

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

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

The Authority's enabling legislation was modified in June 2017, allowing the Authority to conduct and invest in certain "non-core" business activities as specifically defined. In 2021, the Authority established RWA Commercial Enterprises, LLC, a wholly-owned subsidiary of the Authority and RWA Well Services, LLC, a wholly-owned subsidiary of RWA Commercial Enterprises, LLC. Two asset purchase transactions were completed in fiscal 2022 and 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 addition, in the June 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. Additionally, in July 2024, the Authority acquired the Homeowner Safety Valve protection plan offerings.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

**NOTE 1 ORGANIZATION (CONTINUED)**

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

**Fiduciary Component Units**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Accounting**

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

**Regulatory Accounting Policies**

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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

**Regulatory Accounting Policies (Continued)**

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). In addition, there are regulatory assets of approximately \$14.8 million for transaction related costs and costs of issuance associated with the Aquarion Water Authority (AWA) acquisition of Aquarion Water Company and a corresponding payable to the Authority. The Authority has a corresponding receivable from AWA. The Authority will be reimbursed for these costs if the transaction receives regulatory approval and the transaction closes. The year-over year regulatory asset increase is primarily due to the AWA related costs and the costs associated with LCRR and LCRI partially offset by amortization.

As of May 31, 2024, regulatory assets include approximately \$4.5 million of bond issuance costs and \$4.6 million of deferred charges, net of amortization. Included in the \$4.6 million is approximately \$3.7 million associated with estimated environmental remediation costs in the town of Hamden, \$.5 million associated with a deferred repair and remediation costs, and \$.4 million of incurred costs associated with an interconnection.

**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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2025 AND 2024**

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

**Utility Plant (Continued)**

The estimated service lives of capital assets are as follows:

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

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 from 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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

**Investments**

Investments are reported at fair value.

**Watershed Fund - Investment in Community Foundation Portfolio**

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

**Materials and Supplies**

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

**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, 2025 and 2024, 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).

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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

**Deferred Outflows/Inflows of Resources (Continued)**

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**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plans' fiduciary net position. The pension plans' fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current participating active employees and vested former employees that is attributed to past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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

**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 Howeowner Safety Valve 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position Flow Assumption (Continued)**

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. In April 2025, a General Bond Resolution was adopted for AWA.

**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 April 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 99, *Omnibus 2022*. This statement aims to achieve a unified model for recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements, such as, derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to leases, public-private and public-public partnerships (PPP), and subscription-based information technology arrangements (SBITA). Accounting and financial reporting for financial guarantees are also addressed in this statement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority adopted the requirements of the guidance effective June 1, 2024. The implementation did not have any impact on the Authority's financial statements.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority adopted the requirements of the guidance effective June 1, 2024. The implementation did not have any impact on the Authority's financial statements.

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement aims to achieve a unified model for recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Authority adopted the requirements of the guidance effective June 1, 2024. The implementation did not have a material impact on the Authority's financial statements.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**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*, \$6,902,143 of the Authority's bank balance of \$15,080,844 was exposed to custodial credit risk as of May 31, 2025, 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	<u>\$ 6,902,143</u>

As of May 31, 2024, \$11,858,548 of the Authority's bank balance of \$21,762,201 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 1,740,820
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name	10,117,728
Total Amount Subject to Custodial Risk	<u>\$ 11,858,548</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Cash Equivalents**

As of May 31, 2025 and 2024, the Authority's cash equivalents amounted to \$192,843,468 and \$182,580,696, respectively, and consisted of the State Short-Term Investment Fund (STIF), with a credit rating of AAAM by Standard & Poor's, United States Treasuries and cash portions of fiduciary funds held at custodial institutions.

**Investments**

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

Investment Type	Credit Rating	Fair Market Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	\$ 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			
Investment in Community Foundation Portfolio	No Rating	1,884,991			
Total Investments		<u>\$ 91,441,654</u>			

As of May 31, 2024, the Authority had the following investments:

Investment Type	Credit Rating	Fair Market Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	\$ 2,667,763	\$ 605,532	\$ 2,062,231	\$ -
U.S. Government Agencies	Aaa	15,279,178	9,602,668	5,676,510	-
Corporate Bonds	Aaa	327,768	204,855	122,913	-
Corporate Bonds	A1	1,494,575	-	1,494,575	-
Corporate Bonds	A2	1,307,098	321,604	985,494	-
Corporate Bonds	A3	832,199	295,959	536,240	-
Corporate Bonds	Aa3	539,322	-	539,322	-
Corporate Bonds	Baa1	692,079	-	692,079	-
Corporate Bonds	Baa2	2,416,722	242,917	2,173,805	-
Corporate Bonds	Baa3	285,781	-	285,781	-
Other Investments:					
Mutual Funds	No Rating	68,803,533			
Investment in Community Foundation Portfolio	No Rating	1,787,791			
Total Investments		<u>\$ 96,433,809</u>			

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

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

**Credit Risk – Investments**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Authority or that sells investments to or buys investments for the Authority), the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. As of May 31, 2025 and 2024, 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.

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

**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, 2025:

	Total	Fair Value Measurements Using:		
		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	-	-
Investment in Community Foundation Portfolio	1,884,991	-	1,884,991	-
Total Investments by Fair Value Level	<u>\$ 91,441,654</u>	<u>\$ 70,990,665</u>	<u>\$ 20,450,989</u>	<u>\$ -</u>

The Authority has the following recurring fair value measurements as of May 31, 2024:

	Total	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	\$ 2,667,763	\$ -	\$ 2,667,763	\$ -
U.S. Government Agencies	15,279,178	-	15,279,178	-
Corporate Bonds	7,895,544	-	7,895,544	-
Mutual Funds	68,803,533	68,803,533	-	-
Investment in Community Foundation Portfolio	1,787,791	-	1,787,791	-
Total Investments by Fair Value Level	<u>\$ 96,433,809</u>	<u>\$ 68,803,533</u>	<u>\$ 27,630,276</u>	<u>\$ -</u>

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

The Authority did not have any investments measured at net asset value (NAV) as of May 31, 2025 and 2024.

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

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

	Ending 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

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

The following is a summary of utility plant for the year ended May 31, 2024:

	Beginning Balance as Restated*	Additions	Transfers	Adjustment and Retirements	Ending Balance
Capital Assets Not Being Depreciated/ Amortized:					
Land	\$ 28,038,091	\$ 47,812	\$ -	\$ -	\$ 28,085,903
Construction Work in Progress	36,883,362	48,302,420	(52,709,000)	77,531	32,554,313
Total Capital Assets Not Being Depreciated	64,921,453	48,350,232	(52,709,000)	77,531	60,640,216
Other Capital Assets:					
Source of Supply	59,315,733	-	2,811,980	(51,283)	62,076,430
Pumping Structures and Equipment	43,577,889	-	903,597	-	44,481,486
Water Treatment Plant and Equipment	210,987,898	-	23,722,800	(1,586,152)	233,124,546
Transmission and Distribution	540,414,130	-	16,199,912	(573,584)	556,040,458
General Plant	103,953,975	362,735	9,070,711	(341,968)	113,045,453
Right-to-Use - Lease Asset:					
Leased Equipment	22,989	63,674	-	(19,624)	67,039
Leased Facilities	640,901	-	-	-	640,901
SBITA Asset	7,036,943	285,847	-	-	7,322,790
Intangible Assets	907,700	980,000	-	-	1,887,700
Total Other Capital Assets	966,858,158	1,692,256	52,709,000	(2,572,611)	1,018,686,803
Less: Accumulated Depreciation/Amortization:					
Source of Supply	16,323,796	622,333	-	(9,360)	16,936,769
Pumping Structures and Equipment	28,256,367	1,474,662	-	-	29,731,029
Water Treatment Plant and Equipment	127,981,003	7,356,427	-	(896,426)	134,441,004
Transmission and Distribution	168,810,732	9,703,232	-	(216,466)	178,297,498
General Plant	84,356,612	5,507,645	-	(25,167)	89,839,090
Right-to-Use - Lease Asset:					
Leased Equipment	15,379	17,448	-	(19,624)	13,203
Leased Facilities	132,633	83,962	-	-	216,595
SBITA Asset	1,371,995	1,490,341	-	-	2,862,336
Intangible Assets	89,031	141,334	-	-	230,365
Total Accumulated Depreciation/ Amortization	427,337,548	26,397,384	-	(1,167,043)	452,567,889
Total Other Capital Assets - Net	539,520,610	(24,705,128)	52,709,000	(1,405,568)	566,118,914
Utility Plant - Net	\$ 604,442,063	\$ 23,645,104	\$ -	\$ (1,328,037)	\$ 626,759,130

During fiscal years 2025 and 2024, the Authority retired assets with accumulated depreciation totaling approximately \$1.7 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, 2025, the Authority recognized \$96,634 and \$30,220 in lease revenue and interest revenue, respectively, pursuant to these contracts. During the year ended May 31, 2024, the Authority recognized \$93,636 and \$29,348 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2025 AND 2024**

**NOTE 5 LEASE RECEIVABLES (CONTINUED)**

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

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 75,439	\$ 28,635	\$ 104,074
2027	35,208	27,195	62,403
2028	29,425	26,265	55,690
2029	20,195	25,495	45,690
2030	20,868	24,942	45,810
Thereafter	1,096,739	550,225	1,646,964
Totals	<u>\$ 1,277,874</u>	<u>\$ 682,757</u>	<u>\$ 1,960,631</u>

**NOTE 6 RESTRICTED ASSETS**

Pursuant to the *General Bond Resolution* of the Authority adopted July 31, 1980, as amended and supplemented, the following funds of restricted assets must be maintained. The Authority may use the assets of these funds only for the following purposes specified in the General Bond Resolution. In April 2025, AWA adopted its own General Bond Resolution. However, as of May 31, 2025 there are no restricted assets under this General Bond Resolution. Therefore, 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.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

**NOTE 6 RESTRICTED ASSETS (CONTINUED)**

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

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

**Operating Reserve**

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

**Capital Contingency**

The Authority must maintain a Capital Contingency Fund in an amount equal to or greater than 1% of outstanding bonds, less principal deposits at the time of calculation, to provide for the cost of capital projects made necessary by emergencies 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, 2025 and 2024, there is no outstanding variable rate debt under the *General Bond Resolution*; therefore, no deposits were required.

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

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

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

	2025	2024
Construction	\$ 77,946,244	\$ 82,361,027
Debt Reserve	24,794,046	23,013,693
Debt Service	31,306,215	31,606,804
Payments-in-Lieu-of-Taxes (PILOT)	4,109,925	4,001,290
Operating Reserve	12,343,656	11,934,924
Capital Contingency	6,244,220	6,220,680
Rate Stabilization	10,000,000	10,000,000
Other Purposes	2,785,484	3,426,115
Restricted Assets	<u>\$ 169,529,790</u>	<u>\$ 172,564,533</u>

The level of funds required by the General Bond Resolution was met on May 31, 2025 and 2024.

**NOTE 7 THE CLAIRE C. BENNITT WATERSHED FUND**

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

The Authority made an initial donation of \$1,234,000 to establish the Watershed Fund. Additional contributions of \$452,000 and \$7,700 were made by the Authority in 2000 and 2020, respectively. In fiscal 2023, the Watershed Fund provided a \$20,000 grant to the Authority towards the purchase of land. This was recorded as a contribution from a related entity. The Watershed Fund had total net position of \$1,782,478 and \$1,727,630 as of May 31, 2025 and 2024, respectively. The Authority donated goods and services to the Watershed Fund totaling \$12,631 and \$12,879 for the years ended May 31, 2025 and 2024, respectively.

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

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

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

2025	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Bonds Payable:</b>					
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	-
<b>Total</b>	<b>\$ 617,258,740</b>	<b>\$ 94,952,936</b>	<b>\$ (106,576,621)</b>	<b>\$ 605,635,055</b>	<b>\$ 26,200,153</b>

2024	Beginning Balance as Restated*	Increases	Decreases	Ending Balance	Due Within One Year
<b>Bonds Payable:</b>					
Revenue Bonds	\$ 511,930,000	\$ 28,935,000	\$ (35,565,000)	\$ 505,300,000	\$ 23,170,000
Net Bond Premiums and Discounts	42,294,283	3,255,456	(4,913,087)	40,636,652	-
Total Bonds Payable	554,224,283	32,190,456	(40,478,087)	545,936,652	23,170,000
Drinking Water Loans - Direct Borrowing	25,448,153	14,528,815	(1,438,919)	38,538,049	2,053,602
Lease Payable	529,746	63,674	(94,618)	498,802	96,315
SBITA Payable	5,989,245	401,615	(1,873,504)	4,517,356	1,296,063
Net Pension Liability	17,949,051	-	(6,326,602)	11,622,449	-
Net OPEB Liability	15,716,868	428,564	-	16,145,432	-
<b>Total</b>	<b>\$ 619,857,346</b>	<b>\$ 47,613,124</b>	<b>\$ (50,211,730)</b>	<b>\$ 617,258,740</b>	<b>\$ 26,615,980</b>

\* The beginning balance in fiscal year 2024 was restated due to the implementation of GASB Statement No. 96, Subscription Based Information Technology Arrangements.

**Revenue Bonds Payable**

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

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

**Revenue Bonds Payable (Continued)**

Revenue bonds outstanding comprise the following:

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					<u>\$ 495,880,000</u>

2024	Issuance Date*	Original Maturity Date*	Original Principal	Original Interest Rate	Balance May 31, 2024
Twentieth A (Refunding Bonds)	2007	2030	\$ 63,330,000	4.000%-5.250%	\$ 6,420,000
2010 Series A	2010	2040	31,385,000	6.243%-6.393%	31,385,000
Twenty-Ninth (Refunding Bonds)	2014	2029	44,880,000	3.000%-5.000%	10,770,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	5,330,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	14,575,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	132,455,000
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%	28,740,000
Thirty-Third B-2 (Refunding Bonds)	2018	2032	24,250,000	5.000%	24,250,000
Thirty-Fourth A	2019	2039	11,725,000	3.000%-5.000%	10,435,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	80,710,000
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%	51,750,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	36,575,000
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%	12,180,000
Thirty-Seventh A-1	2023	2051	15,595,000	5.00%	15,595,000
Thirty-Seventh A-2 (Green Bonds)	2023	2053	2,230,000	5.00%	2,230,000
Thirty-Seventh B-1 (Refunding Bonds)	2024	2034	11,110,000	5.00%	11,110,000
Total					<u>\$ 505,300,000</u>

\*Dates are based on calendar year

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

**Revenue Bonds Payable (Continued)**

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act), authorizes state and local governments to issue two general types of taxable Build America Bonds (Taxable BABs) with the federal government providing subsidies for a portion of their borrowing cost. One type of Taxable BAB provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer (Taxable BABs – Direct Payment). The General Obligation Bonds, Issue of 2010 were issued as Taxable BABs – Direct Payment on April 6, 2010, for \$31,385,000. Pursuant to the Recovery Act, at inception, the Authority received a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the General Obligation Bonds, Issue of 2010 on or about each interest payment date. The 35% equates to \$348,411 per payment, occurring twice a year. Such subsidy payment represents revenue to the Authority under the *General Bond Resolution*. No holders of the General Obligation Bonds, Issue of 2010 will be entitled to a tax credit. The receipt of the subsidy by the Authority is not a condition of payment of any portion of the principal and interest on the General Obligation Bonds, Issue of 2010. However, if the subsidy payments are reduced or eliminated, the General Obligation Bonds, Issue of 2010 are subject to extraordinary optional redemption. Due to provisions within the Budget Control Act of 2011 and the implementation of sequestration, the amount of the subsidy has been reduced on payments made to issuers on or after March 1, 2013, resulting in a decrease to the Authority's August 1, 2013, payment, and the twice-annual payments through the current period. Reductions to the subsidy have ranged from a high of 8.7% to a low of 5.7%. A 5.7% reduction was effective for the payments received by the Authority in fiscal year 2024 and fiscal year 2025. The percent is subject to further change. The interest subsidy received totaled approximately \$644 thousand dollars for the fiscal year ended May 31, 2025, and \$657 thousand dollars for the fiscal year ended ending May 31, 2024, respectively. These amounts are adjusted for the over payment received in fiscal year 2024 and trued-up in fiscal year 2025 and excludes interest associated with payment processing delays.

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

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 22,895,000	\$ 20,748,142
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
2031-2035	153,060,000	62,431,545
2036-2040	117,040,000	33,297,046
2041-2045	49,620,000	14,736,092
2046-2050	29,660,000	6,724,225
2051-2055	14,060,000	1,410,100
Total	<u>\$ 495,880,000</u>	<u>\$ 212,380,680</u>

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

The following represents the more significant requirements of the 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 2025 and 2024. 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, 2025 and 2024, the Authority was in compliance with the requirements of the *General Bond Resolution*.

**Leases Payable**

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

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

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 84,316	\$ 8,342	\$ 92,658
2027	74,285	6,504	80,789
2028	71,432	4,633	76,065
2029	50,613	3,169	53,782
2030	46,181	2,119	48,300
Thereafter	75,289	1,247	76,536
Totals	<u>\$ 402,116</u>	<u>\$ 26,014</u>	<u>\$ 428,130</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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

**Leases Payable (Continued)**

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

	2025	2024
Equipment	\$ 63,673	\$ 67,039
Buildings	677,027	640,901
Less: Accumulated Amortization	(328,100)	(229,798)
Total	<u>\$ 412,600</u>	<u>\$ 478,142</u>

**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:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,027,437	\$ 204,887	\$ 1,232,324
2027	937,145	174,088	1,111,233
2028	917,175	144,549	1,061,724
2029	946,962	114,762	1,061,724
2030	977,824	83,900	1,061,724
Thereafter	1,882,564	81,895	1,964,459
Totals	<u>\$ 6,689,107</u>	<u>\$ 804,081</u>	<u>\$ 7,493,188</u>

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

	2025	2024
Subscription Based Information Technology Arrangements	\$ 24,709,145	\$ 7,322,790
Less: Accumulated Amortization	(2,478,894)	(2,862,336)
Total	<u>\$ 22,230,251</u>	<u>\$ 4,460,454</u>

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

**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 2025, the Authority authorized approximately \$20.3 million of cash and cash equivalents to be transferred to the General Fund and, subsequently, approximately \$16.1 million to be transferred from the General Fund to the Construction Fund and approximately \$1.8 million to be transferred to the Growth Fund. \$2.5 million of the approximately \$20.3 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 are financed by subordinate interim financing, revenue bonds, and/or internally generated funds, until such projects are complete and there is an executed project loan obligation. Proceeds received at the execution of the project loan obligation are used to reimburse Authority funds previously used and/or pay-off interim subordinate financing as well as to fund associated reserve requirements. Project loan obligations are at parity with the Authority's revenue bonds under the *General Bond Resolution*.

Long-term loan obligations mature as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,193,400	\$ 756,090
2027	2,237,674	711,818
2028	2,282,840	666,652
2029	2,328,916	620,574
2030	2,375,924	573,565
2031-2035	12,618,625	2,128,828
2036-2040	10,627,675	876,508
2041-2045	4,141,115	158,712
Total	<u>\$ 38,806,169</u>	<u>\$ 6,492,747</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2025 AND 2024**

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

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

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

**NOTE 9 BOND ANTICIPATION NOTES PAYABLE**

In October 2020, a Series D draw down note was issued in an amount of \$5,000,000. On the same day \$50,500 was drawn. This note matured in October 2021 and a Series A draw down note was issued and \$50,500 was drawn. This note matured in April 2022 and \$50,500 was drawn. This note was re-issued in April 2023, 2024, and 2025 and each time \$50,500 has been drawn. The \$50,500 was drawn for temporary financing to be utilized for capital projects. In addition, in June 2024 \$3,350,000 was issued associated with the HSV transaction. This issuance was repaid in January 2025 with proceeds from the 39<sup>th</sup> Series debt issuance. The principal balance as of May 31, 2025, is \$50,500.

Bond anticipation note transactions for the year ended May 31, 2025, were as follows:

Outstanding, May 31, 2024	\$ 50,500
New Borrowings	3,400,500
Repayments	<u>(3,400,500)</u>
Outstanding, May 31, 2025	<u>\$ 50,500</u>

**NOTE 10 HAZWASTE CENTRAL**

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

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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 11 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, 2025, the Authority has an estimated \$12.6 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 \$1.5 million during the first 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.

Prior to the closing of the AWA transaction to acquire Aquarion, RWA has certain responsibilities and obligations under executed agreements. If regulatory approval is obtained and the transaction closes, RWA will cease to have such obligations.

**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 \$2,268,382 letter of credit that expires March 1, 2026. There were no borrowings on this letter of credit as of May 31, 2025 and 2024.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Self-Insurance**

The Authority administers a program of self-insurance for certain medical and dental claims and provides for losses by charging operating expense as liabilities are incurred. The Authority records a liability, in accounts and other payables, and other accrued liabilities, when it is probable that it has incurred an uninsured loss, and it can reasonably estimate that loss. The Authority's liability for unpaid claims is based upon the estimated cost of settling the claims after a review of estimated recoveries. Changes in the amounts recorded for liabilities for the years ended May 31, 2025 and 2024, were as follows:

2025	Beginning Balance	Claims and Expenses Paid	Additional 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	<u>\$ 3,024,164</u>	<u>\$ (7,663,052)</u>	<u>\$ 7,512,087</u>	<u>\$ 2,873,199</u>

2024	Beginning Balance	Claims and Expenses Paid	Additional Reserves	Ending Balance
Medical and Dental Claims	\$ 530,498	\$ (5,738,615)	\$ 5,831,476	\$ 623,359
Insurance Reserve for "Captive" (October 1, 2000 - Present)	2,040,153	(323,936)	393,588	2,109,805
Insurance Reserve (Pre October 1, 2000)	364,954	(188,843)	114,889	291,000
Total Liability	<u>\$ 2,935,605</u>	<u>\$ (6,251,394)</u>	<u>\$ 6,339,953</u>	<u>\$ 3,024,164</u>

**NOTE 12 DEFINED BENEFIT PENSION PLANS**

**Plan Description**

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

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

Management of the plan rests with the Pension and Benefit Committee of the Five-Member Authority. The Pension and Benefit Committee consists of all five members of the Five-Member Authority. As of May 31, 2025, two members of senior management are authorized and empowered to act as management's Pension Review Committee for the Authority's Salaried Employees' Retirement Plan and Retirement Plan (Union), with instructions to defer final action on nonroutine or discretionary matters until they have consulted with the Pension and Benefits Committee.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Plan Description (Continued)**

At January 1, 2025, which is the date of the latest actuarial valuations, membership consisted of the following:

	<u>Salaried Plan</u>	<u>Bargaining Unit Plan</u>
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	<u>304</u>	<u>207</u>

At January 1, 2024, which is the date of the prior actuarial valuations, membership consisted of the following:

	<u>Salaried Plan</u>	<u>Bargaining Unit Plan</u>
Retirees, Disabled, and Beneficiaries Currently Receiving Benefits	177	116
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	60	37
Current Active Members	67	60
Total Members	<u>304</u>	<u>213</u>

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

**Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Valuation of Investments**

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

**Funding Policy**

The Authority contributes, at a minimum, the actuarially determined contribution. For the year ended May 31, 2025, the Authority contributed approximately \$1.0 million in excess of the actuarial required contribution. In May 31, 2024, the Authority contributed approximately \$2.1 million in excess of the required contribution.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

**Funding Policy (Continued)**

The individual plan net position at May 31, 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
<b>ASSETS</b>			
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	<u>49,728,008</u>	<u>29,731,747</u>	<u>79,459,755</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	<u>\$ 49,728,008</u>	<u>\$ 29,731,747</u>	<u>\$ 79,459,755</u>
<b>ADDITIONS</b>			
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	<u>1,638,703</u>	<u>979,354</u>	<u>2,618,057</u>
Net Investment Earnings	<u>4,313,830</u>	<u>2,627,136</u>	<u>6,940,966</u>
Total Additions	6,711,789	3,711,000	10,422,789
<b>DEDUCTIONS</b>			
Benefits	4,099,632	1,889,592	5,989,224
Expenses	217,391	106,258	323,649
Other	<u>(7,380)</u>	<u>(15,190)</u>	<u>(22,570)</u>
Total Deductions	<u>4,309,643</u>	<u>1,980,660</u>	<u>6,290,303</u>
<b>CHANGE IN NET POSITION</b>	2,402,146	1,730,340	4,132,486
Net Position - Beginning of Year	<u>47,325,862</u>	<u>28,001,407</u>	<u>75,327,269</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 49,728,008</u>	<u>\$ 29,731,747</u>	<u>\$ 79,459,755</u>

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

**Funding Policy (Continued)**

The individual plan net position at May 31, 2024, and changes in net position for the year then ended are as follows:

	Fiduciary Net Position		
	Salaried Plan	Bargaining Unit Plan	Total Pension Trust Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,124,407	\$ 486,993	\$ 1,611,400
Investments:			
U.S. Government Securities	1,626,575	1,041,188	2,667,763
U.S. Government Agencies	2,631,395	1,589,550	4,220,945
Corporate Bonds	5,015,262	2,880,276	7,895,538
Mutual Funds	36,928,223	22,003,400	58,931,623
Total Assets	<u>47,325,862</u>	<u>28,001,407</u>	<u>75,327,269</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	<u>\$ 47,325,862</u>	<u>\$ 28,001,407</u>	<u>\$ 75,327,269</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 3,194,706	\$ 1,805,294	\$ 5,000,000
Investment Earnings:			
Net Increase in the Fair Value of Investments	4,399,313	2,609,558	7,008,871
Investment Earnings	1,391,403	829,653	2,221,056
Net Investment Earnings	<u>5,790,716</u>	<u>3,439,211</u>	<u>9,229,927</u>
Total Additions	8,985,422	5,244,505	14,229,927
<b>DEDUCTIONS</b>			
Benefits	3,632,795	1,883,779	5,516,574
Expenses	213,153	139,731	352,884
Other	8,356	14,752	23,108
Total Deductions	<u>3,854,304</u>	<u>2,038,262</u>	<u>5,892,566</u>
<b>CHANGE IN NET POSITION</b>	5,131,118	3,206,243	8,337,361
Net Position - Beginning of Year	<u>42,194,744</u>	<u>24,795,164</u>	<u>66,989,908</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 47,325,862</u>	<u>\$ 28,001,407</u>	<u>\$ 75,327,269</u>

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Investments**

**Investment Policy**

The Five-Member Authority determines the asset allocation ranges and targets, and the investment advisor has discretion to invest within the authorized ranges and to select the specific investments within an asset category. As of May 31, 2025 and 2024, the associated targets were as follows:

Asset Class	Target Allocation	
	2025	2024
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 Five-Member Authority. The equity target was set in total, with discretion allowed among the category of equities.

**Rate of Return**

For the year ended May 31, 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.

For the year ended May 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.83% for the salaried plan and 13.93% for the bargaining unit plan.

**Net Pension Liability of the Authority**

The components of the net pension liability 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%

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

The components of the net pension liability of the Authority at May 31, 2024, were as follows:

	<u>Salaried Plan</u>	<u>Bargaining Unit Plan</u>
Total Pension Liability	\$ 55,047,939	\$ 31,901,779
Plan Fiduciary Net Position	47,325,862	28,001,407
Net Pension Liability	<u>\$ 7,722,077</u>	<u>\$ 3,900,372</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.97%	87.77%

**Actuarial Assumptions**

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:

	<u>Salaried Plan</u>	<u>Bargaining Unit Plan</u>
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, 2024 was determined by an actuarial valuation as of January 1, 2024, rolled forward to May 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Salaried Plan</u>	<u>Bargaining Unit Plan</u>
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, 2025, 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, 2024, were based on the corresponding PubG-2010 tables with MP-2021 projection scale.

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of May 31, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	3.7 %
U.S. Equity	8.4
Global	8.0
International Equity	7.3
Alternatives, Hedge, and Swing	6.1

**Discount Rate**

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 discount rate used to measure the total pension liability as of May 31, 2024, 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, 2025 and 2024, the Authority contributed above the actuarial required contribution. An expected rate of return of 6.75% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Changes in the Net Pension Liability**

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

	Salaried Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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 (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

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

Changes in the net pension liability at May 31, 2024 were as follows:

	Salaried Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - June 1, 2023	\$ 53,711,027	\$ 42,194,744	\$ 11,516,283
Changes for the Year:			
Service Cost	490,070	-	490,070
Interest on Total Pension Liability	3,473,849	-	3,473,849
Differences Between Expected and Actual Experience	1,005,788	-	1,005,788
Employer Contributions	-	3,194,706	(3,194,706)
Member Contributions	-	-	-
Net Investment Gain	-	5,790,716	(5,790,716)
Benefit Payments, Including Refund to Employee Contributions	(3,632,795)	(3,632,795)	-
Administrative Expenses	-	(213,153)	213,153
Other	-	(8,356)	8,356
Net Changes	1,336,912	5,131,118	(3,794,206)
Balances - May 31, 2024	\$ 55,047,939	\$ 47,325,862	\$ 7,722,077
	Bargaining Unit Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - June 1, 2023	\$ 31,227,932	\$ 24,795,164	\$ 6,432,768
Changes for the Year:			
Service Cost	102,166	-	102,166
Interest on Total Pension Liability	2,035,211	-	2,035,211
Differences Between Expected and Actual Experience	420,249	-	420,249
Employer Contributions	-	1,805,294	(1,805,294)
Net Investment Gain	-	3,439,211	(3,439,211)
Benefit Payments, Including Refund to Employee Contributions	(1,883,779)	(1,883,779)	-
Administrative Expenses	-	(139,731)	139,731
Other	-	(14,752)	14,752
Net Changes	673,847	3,206,243	(2,532,396)
Balances - May 31, 2024	\$ 31,901,779	\$ 28,001,407	\$ 3,900,372

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Authority for the year ended May 31, 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 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
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Bargaining Unit Plan	\$ 5,400,199	\$ 2,318,568	\$ (336,599)

The following presents the net pension liability of the Authority for the year ended May 31, 2024, calculated using the discount rate of 6.75% for the salaried plan and 6.75% for the bargaining unit plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Salaried Plan	\$ 12,635,178	\$ 7,722,077	\$ 3,464,963
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Bargaining Unit Plan	\$ 7,045,237	\$ 3,900,372	\$ 1,197,437

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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

For the years ended May 31, 2025 and 2024, the Authority recognized pension expense of \$2,100,511 and \$2,890,150, respectively. At May 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

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
2024			
Deferred Outflows of Resources			
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ 593,917	\$ 399,053	\$ 992,970
Changes of Assumptions	-	873	873
Difference Between Projected and Actual Earning on Pension Plan Investments	147,179	90,854	238,033
Total	\$ 741,096	\$ 490,780	\$ 1,231,876
Deferred Inflows of Resources			
	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ 132,401	\$ -	\$ 132,401

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 12 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

<u>Year Ending May 31,</u>	<u>Amount</u>
2026	\$ 1,726,378
2027	(315,018)
2028	(1,357,162)
2029	(400,431)
Total	<u>\$ (346,233)</u>

**NOTE 13 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, 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, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Employer Contributions	\$ 1,468,484	\$ 1,154,751
Employee Contributions	2,499,477	2,350,591

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**NOTE 14 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 Five-Member Authority. The Pension and Benefit Committee consist of all five members of the Five-Member Authority.

At January 1, 2025 and 2024, plan membership consisted of the following:

	Retiree Health Plan	
	2025	2024
Retired Members and Spouses	261	264
Active Plan Members	107	113
Members Death Benefits Only	208	172
Total Participants	576	549

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

**Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Valuation of Investments**

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

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**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

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

**Funding Policy**

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

**Union Employees and Spouses:**

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

**Nonunion Employees and Spouses:**

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

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**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

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

**Funding Policy (Continued)**

The Authority's cash contribution to the trust was \$1,694,075 for the fiscal year ended May 31, 2025. The Authority's contribution was based on the actuarially calculated recommended cash contribution.

**Investments**

**Investment Policy**

The Five-Member Authority determines the asset allocation target and the associated ranges, and the investment advisor has discretion to invest within the authorized ranges and to select the specific investments within an asset category. As of May 31, 2025 and 2024, 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	<u>100 %</u>

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

**Rate of Return**

As of May 31, 2025 and 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.37% and 13.40%, 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.

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**NOTE 14 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, 2025 and 2024. 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	<u>\$ 15,181,074</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	40.50%
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The components of the net OPEB liability of the Authority at May 31, 2024, were as follows:

Total OPEB Liability	\$ 26,230,544
Plan Fiduciary Net Position	10,085,112
Net OPEB Liability	<u>\$ 16,145,432</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.45%
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**Actuarial Assumptions**

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 Down Using the Getzen Model to an Ultimate Rate of 4.00% Per Year

The total OPEB liability for May 31, 2024 was determined by an actuarial valuation as of January 1, 2024, rolled forward to May 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Scale	4.00%
Investment Rate of Return	6.75%
Healthcare Cost Trend Rates	6.50% Per Year Graded Down Using the Getzen Model to an Ultimate Rate of 4.04% Per Year

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2025 AND 2024**

**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates for the year ended May 31, 2025, 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, 2024 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, 2025, are 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

The best estimates of arithmetic real rates of return for each major asset as of May 31, 2024 as summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.7 %
US Equity	8.4
Global Equities	8.0
International Equity	7.3
Alternative, Hedge, and Swing	6.1

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75% for the years ended May 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
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**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Changes in the Net Pension Liability**

	2025		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (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

	2024		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - June 1, 2023	\$ 24,975,189	\$ 9,258,321	\$ 15,716,868
Changes for the Year:			
Service Cost	159,742	-	159,742
Interest	1,614,801	-	1,614,801
Differences Between Expected and Actual Experience	1,321,755	-	1,321,755
Changes in Assumptions	136,564	-	136,564
Benefit Payments, Including Refund to Employee Contributions	(2,213,576)	(2,213,576)	-
Contributions - Employer	-	1,640,907	(1,640,907)
Contributions - Retiree	236,069	236,069	-
Net Investment Income	-	1,214,469	(1,214,469)
Administrative Expense	-	(51,078)	51,078
Net Changes	1,255,355	826,791	428,564
Balances - May 31, 2024	\$ 26,230,544	\$ 10,085,112	\$ 16,145,432

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

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

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

The following presents the net OPEB liability of the Authority for the year ended May 31, 2024 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	\$ 18,054,998	\$ 16,145,432	\$ 14,460,703

**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, 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:

	1% Decrease (5.50% Decreasing to 3.00%)	Healthcare Cost 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

The following presents the net OPEB liability of the Authority for the year ended May 31, 2024 as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.04%)	1% Increase (7.50% Decreasing to 5.04%)
Net OPEB Liability	\$ 14,326,128	\$ 16,145,432	\$ 18,207,751

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

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

For the years ended May 31, 2025 and 2024, the Authority recognized OPEB expense of \$627,192 and \$406,943, respectively. At May 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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	<u>\$ 1,652,734</u>	<u>\$ 2,312,063</u>

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,119,683	\$ 2,945,528
Changes of Assumptions	1,123,729	144,751
Net Difference Between Projected and Actual		
Earning on OPEB Plan Investments	85,013	-
Total	<u>\$ 2,328,425</u>	<u>\$ 3,090,279</u>

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

<u>Year Ending May 31,</u>	<u>Amount</u>
2026	\$ (78,006)
2027	(329,148)
2028	(389,261)
2029	104,248
2030	77,182
Thereafter	(44,344)
Total	<u>\$ (659,329)</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH CARE (CONTINUED)**

**Actuarial Valuations**

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

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

In the January 1, 2025, actuarial valuation, the frozen entry age normal actuarial funding method was used with a healthcare cost trend of 6.50% graded down by the Getzen Model to an ultimate rate of 4.00% annually and a discount rate of 6.75%.

**NOTE 15 BLENDED COMPONENT UNITS**

The Watershed Fund and AWA, for fiscal 2025, have been included as part of the financial statements.

Prior to the closing of the AWA transaction to acquire Aquarion, RWA has certain responsibilities and obligations under executed agreements. If regulatory approval is obtained and the transaction closes, RWA will cease to have such obligations. The corresponding inter-entity balances for amounts payable from AWA and receivable for RWA are eliminated in consolidation.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

**NOTE 15 BLENDED COMPONENT UNITS (CONTINUED)**

In accordance with GASB 61, the following summarized information as of May 31, 2025 and 2024 is required:

Condensed Statement of Net Position at May 31, 2025

	RWA/AWA	AWA	The Watershed Fund	Eliminating Activities	Combined Financial Statements
<b>Assets</b>					
Utility Plant	\$ 653,308,878	\$ -	\$ -	\$ -	\$ 653,308,878
Nonutility Plant	66,608,007	-	-	-	66,608,007
Current Assets	73,544,359	-	1,974,598	-	75,518,957
Other Assets	201,186,720	14,811,692	-	(14,811,692)	201,186,720
Total Assets	994,647,964	14,811,692	1,974,598	(14,811,692)	996,622,562
<b>Deferred Outflows of Resources</b>	24,976,084	-	-	-	24,976,084
<b>Liabilities</b>					
Current Liabilities	57,801,401	14,811,692	152,120	(14,811,692)	57,953,521
Long-Term Liabilities	579,434,902	-	40,000	-	579,474,902
Liabilities from Restricted Assets	13,578,256	-	-	-	13,578,256
Total Liabilities	650,814,559	14,811,692	192,120	(14,811,692)	651,006,679
<b>Deferred Inflows of Resources</b>	5,078,730	-	-	-	5,078,730
<b>Net Position</b>					
Net Investment in Capital Assets	138,221,025	-	-	-	138,221,025
Restricted	165,270,191	-	1,782,478	-	167,052,669
Unrestricted	60,239,543	-	-	-	60,239,543
Total Net Position	\$ 363,730,759	\$ -	\$ 1,782,478	\$ -	\$ 365,513,237

Condensed Statement of Net Position at May 31, 2024

	RWA	The Watershed Fund	Combined Financial Statements
<b>Assets</b>			
Utility Plant	\$ 626,759,130	\$ -	\$ 626,759,130
Nonutility Plant	66,142,921	-	66,142,921
Current Assets	74,785,762	1,930,364	76,716,126
Other Assets	183,359,364	-	183,359,364
Total Assets	951,047,177	1,930,364	952,977,541
<b>Deferred Outflows of Resources</b>	27,652,071	-	27,652,071
<b>Liabilities</b>			
Current Liabilities	43,298,939	123,004	43,421,943
Long-Term Liabilities	590,725,260	80,000	590,805,260
Liabilities from Restricted Assets	13,577,347	-	13,577,347
Total Liabilities	647,601,546	203,004	647,804,550
<b>Deferred Inflows of Resources</b>	4,594,766	-	4,594,766
<b>Net Position, As Restated</b>			
Net Investment in Capital Assets	110,392,818	-	110,392,818
Restricted	164,633,013	1,727,360	166,360,373
Unrestricted	51,477,105	-	51,477,105
Total Net Position	\$ 326,502,936	\$ 1,727,360	\$ 328,230,296

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

**NOTE 15 BLENDED COMPONENT UNITS (CONTINUED)**

Condensed Statements of Revenues, Expenses, and Changes in Net Position May 31, 2025

	RWA/AWA	AWA	The Watershed Fund	Combined Financial Statements
<b>Operating Revenues</b>				
Water Revenues:				
Residential and Commercial	\$ 112,635,564	\$ -	\$ -	\$ 112,635,564
Industrial	2,707,467	-	-	2,707,467
Fire Protection	14,059,323	-	-	14,059,323
Public Authority	3,379,670	-	-	3,379,670
Wholesale	1,099,386	-	-	1,099,386
Other Water Revenues	4,947,997	-	-	4,947,997
Other Revenues	22,588,382	-	-	22,588,382
Total Operating Revenues	161,417,789	-	-	161,417,789
<b>Operating Expenses</b>				
Operating and Maintenance	67,106,825	-	-	67,106,825
Depreciation and Amortization	28,349,186	-	-	28,349,186
Payments in Lieu of Taxes	8,936,945	-	-	8,936,945
Other Water Expenses	2,652,942	-	-	2,652,942
Cost of Other Revenue	12,208,439	-	-	12,208,439
Total Operating Expenses	119,254,337	-	-	119,254,337
<b>Operating Income</b>	42,163,452	-	-	42,163,452
<b>Nonoperating Expense (Net)</b>	(8,625,104)	-	55,118	(8,569,986)
<b>Change in Net Position Before Capital Contributions</b>	33,538,348	-	55,118	33,593,466
Capital Contributions	3,689,475	-	-	3,689,475
<b>Change in Net Position</b>	37,227,823	-	55,118	37,282,941
Net Position - Beginning of Year	326,502,936	-	1,727,360	328,230,296
<b>Net Position - End of Year</b>	<u>\$ 363,730,759</u>	<u>\$ -</u>	<u>\$ 1,782,478</u>	<u>\$ 365,513,237</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

**NOTE 15 BLENDED COMPONENT UNITS (CONTINUED)**

Condensed Statements of Revenues, Expenses, and Changes in Net Position May 31, 2024

	RWA	The Watershed Fund	Combined Financial Statements
<b>Operating Revenues</b>			
Water Revenues:			
Residential and Commercial	\$ 110,735,863	\$ -	\$ 110,735,863
Industrial	2,298,951	-	2,298,951
Fire Protection	13,695,496	-	13,695,496
Public Authority	3,266,497	-	3,266,497
Wholesale	987,999	-	987,999
Other Water Revenues	4,675,852	-	4,675,852
Other Revenues	16,111,647	-	16,111,647
Total Operating Revenues	<u>151,772,305</u>	<u>-</u>	<u>151,772,305</u>
<b>Operating Expenses</b>			
Operating and Maintenance	62,298,731	-	62,298,731
Depreciation and Amortization	26,397,384	-	26,397,384
Payments in Lieu of Taxes	8,766,684	-	8,766,684
Other Water Expenses	2,051,643	-	2,051,643
Cost of Other Revenue	7,769,842	-	7,769,842
Total Operating Expenses	<u>107,284,284</u>	<u>-</u>	<u>107,284,284</u>
<b>Operating Income</b>	44,488,021	-	44,488,021
<b>Nonoperating Expense (Net)</b>	<u>(7,333,123)</u>	123,893	<u>(7,209,230)</u>
<b>Change in Net Position Before Capital Contributions</b>	37,154,898	123,893	37,278,791
Capital Contributions	<u>4,240,498</u>	<u>-</u>	<u>4,240,498</u>
<b>Change in Net Position</b>	41,395,396	123,893	41,519,289
Net Position - Beginning of Year	<u>285,107,540</u>	<u>1,603,467</u>	<u>286,711,007</u>
<b>Net Position - End of Year</b>	<u>\$ 326,502,936</u>	<u>\$ 1,727,360</u>	<u>\$ 328,230,296</u>

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

**NOTE 15 BLENDED COMPONENT UNITS (CONTINUED)**

Condensed Statements of Cash Flows - May 31, 2025

	RWA/AWA	AWA	The Watershed Fund	Combined Financial Statements
Cash Flows from Operating Activities	\$ 64,662,427	\$ -	\$ -	\$ 64,662,427
Cash Flows from Investing Activities	5,014,922	-	(55,892)	4,959,030
Cash Flows from Capital and Related Financing Activities	(74,041,505)	-	-	(74,041,505)
Net Increase in Cash and Cash Equivalents	(4,364,156)	-	(55,892)	(4,420,048)
Cash and Cash Equivalents - Beginning of Year	43,210,007	-	80,673	43,290,680
Cash and Cash Equivalents - End of Year	<u>\$ 38,845,851</u>	<u>\$ -</u>	<u>\$ 24,781</u>	<u>\$ 38,870,632</u>

Condensed Statements of Cash Flows - May 31, 2024

	RWA	The Watershed Fund	Combined Financial Statements
Cash Flows from Operating Activities	\$ 70,145,388	\$ (120,988)	\$ 70,024,400
Cash Flows from Investing Activities	(9,149,426)	196,472	(8,952,954)
Cash Flows from Capital and Related Financing Activities	(57,249,396)	-	(57,249,396)
Net Increase in Cash and Cash Equivalents	3,746,566	75,484	3,822,050
Cash and Cash Equivalents - Beginning of Year	39,463,441	5,189	39,468,630
Cash and Cash Equivalents - End of Year	<u>\$ 43,210,007</u>	<u>\$ 80,673</u>	<u>\$ 43,290,680</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Pension Liability:</b>										
Service Cost	\$ 681,501	\$ 656,669	\$ 748,940	\$ 729,789	\$ 606,804	\$ 507,879	\$ 519,885	\$ 503,924	\$ 490,070	\$ 490,576
Interest	2,930,309	2,930,761	2,925,239	2,997,121	3,178,341	3,311,644	3,356,740	3,469,492	3,473,849	3,564,304
Differences Between Expected and Actual Experience	592,405	979,655	166,471	1,923,819	1,090,249	808,104	1,098,396	(555,409)	1,005,788	1,438,047
Changes in Assumptions	494,742	(2,323,594)	(204,280)	(86,868)	279,005	914,472	83,789	-	-	(236,365)
Changes in Benefit Terms	-	10,131	-	140,281	-	236,540	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,707,621)	(2,992,795)	(2,462,467)	(2,868,597)	(3,056,951)	(3,194,284)	(3,360,544)	(3,188,042)	(3,632,795)	(4,099,632)
Other	-	-	-	(11,600)	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>1,991,336</b>	<b>(739,173)</b>	<b>1,173,903</b>	<b>2,823,945</b>	<b>2,097,448</b>	<b>2,584,355</b>	<b>1,698,266</b>	<b>229,965</b>	<b>1,336,912</b>	<b>1,156,930</b>
<b>Total Pension Liability - Beginning</b>	<b>41,850,982</b>	<b>43,842,318</b>	<b>43,103,145</b>	<b>44,277,048</b>	<b>47,100,993</b>	<b>49,198,441</b>	<b>51,782,796</b>	<b>53,481,062</b>	<b>53,711,027</b>	<b>55,047,939</b>
<b>Total Pension Liability - Ending</b>	<b>43,842,318</b>	<b>43,103,145</b>	<b>44,277,048</b>	<b>47,100,993</b>	<b>49,198,441</b>	<b>51,782,796</b>	<b>53,481,062</b>	<b>53,711,027</b>	<b>55,047,939</b>	<b>56,204,869</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - Employer	4,385,524	5,001,252	4,341,521	3,897,275	3,301,077	3,110,873	3,124,817	3,620,498	3,194,706	2,397,959
Contributions - Member	14,693	10,810	10,918	8,287	5,079	4,865	5,721	966	-	-
Net Investment Income (Loss)	(287,080)	2,810,914	2,372,221	852,590	1,679,215	8,657,377	(2,179,281)	(70,953)	5,790,716	4,313,830
Benefit Payments, Including Refunds of Member Contributions	(2,707,621)	(2,992,795)	(2,462,467)	(2,868,597)	(3,056,951)	(3,194,284)	(3,360,544)	(3,188,042)	(3,632,795)	(4,099,632)
Administrative Expense	(133,601)	(136,687)	(165,402)	(168,432)	(173,577)	(194,562)	(210,893)	(206,201)	(213,153)	(217,391)
Other	(61,573)	87,206	11,846	(23,335)	11,129	(614)	25,446	(13,668)	(8,356)	7,380
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,210,342</b>	<b>4,780,700</b>	<b>4,108,637</b>	<b>1,697,788</b>	<b>1,765,972</b>	<b>8,383,655</b>	<b>(2,594,734)</b>	<b>142,600</b>	<b>5,131,118</b>	<b>2,402,146</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>22,699,784</b>	<b>23,910,126</b>	<b>28,690,826</b>	<b>32,799,463</b>	<b>34,497,251</b>	<b>36,263,223</b>	<b>44,646,878</b>	<b>42,052,144</b>	<b>42,194,744</b>	<b>47,325,862</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>23,910,126</b>	<b>28,690,826</b>	<b>32,799,463</b>	<b>34,497,251</b>	<b>36,263,223</b>	<b>44,646,878</b>	<b>42,052,144</b>	<b>42,194,744</b>	<b>47,325,862</b>	<b>49,728,008</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 19,932,192</b>	<b>\$ 14,412,319</b>	<b>\$ 11,477,585</b>	<b>\$ 12,603,742</b>	<b>\$ 12,935,218</b>	<b>\$ 7,135,918</b>	<b>\$ 11,428,918</b>	<b>\$ 11,516,283</b>	<b>\$ 7,722,077</b>	<b>\$ 6,476,861</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>54.54%</b>	<b>66.56%</b>	<b>74.08%</b>	<b>73.24%</b>	<b>73.71%</b>	<b>86.22%</b>	<b>78.63%</b>	<b>78.56%</b>	<b>85.97%</b>	<b>88.48%</b>
<b>Covered Payroll</b>	<b>\$ 8,590,395</b>	<b>\$ 9,290,589</b>	<b>\$ 9,475,823</b>	<b>\$ 9,160,530</b>	<b>\$ 8,465,818</b>	<b>\$ 7,388,009</b>	<b>\$ 7,236,172</b>	<b>\$ 7,574,236</b>	<b>\$ 7,310,563</b>	<b>\$ 7,521,702</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>232.03%</b>	<b>155.13%</b>	<b>121.12%</b>	<b>137.59%</b>	<b>152.79%</b>	<b>96.59%</b>	<b>157.94%</b>	<b>152.05%</b>	<b>105.63%</b>	<b>86.11%</b>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability:										
Service Cost	\$ 166,226	\$ 155,949	\$ 143,110	\$ 129,285	\$ 120,416	\$ 125,901	\$ 129,241	\$ 112,296	\$ 102,166	\$ 89,539
Interest	1,802,098	1,799,197	1,695,294	1,745,484	1,766,348	1,935,401	1,942,609	1,985,848	2,035,211	2,076,288
Differences Between Expected and Actual Experience	(110,990)	406,966	520,588	(41,862)	277,635	4,344	131,988	560,843	420,249	(507,861)
Changes in Assumptions	303,196	(2,610,404)	(242,533)	(50,037)	1,533,894	528,267	61,809	-	-	(73,182)
Changes in Benefit Terms	120,432	83,206	-	207,281	175,513	187,272	194,495	-	-	453,344
Benefit Payments, Including Refunds of Member Contributions	(1,212,225)	(1,328,633)	(1,446,301)	(1,611,414)	(1,469,406)	(1,676,840)	(1,726,421)	(1,863,195)	(1,883,779)	(1,889,592)
Other	-	-	-	(9,505)	-	-	-	-	-	-
Net Change in Total Pension Liability	1,068,737	(1,493,719)	670,158	369,232	2,404,400	1,104,345	733,721	795,792	673,847	148,536
Total Pension Liability - Beginning	25,575,266	26,644,003	25,150,284	25,820,442	26,189,674	28,594,074	29,698,419	30,432,140	31,227,932	31,901,779
Total Pension Liability - Ending	26,644,003	25,150,284	25,820,442	26,189,674	28,594,074	29,698,419	30,432,140	31,227,932	31,901,779	32,050,315
Plan Fiduciary Net Position:										
Contributions - Employer	2,212,476	2,175,166	1,519,216	1,239,632	1,314,032	1,154,931	1,229,525	1,556,441	1,805,294	1,083,864
Contributions - Member	-	-	-	-	-	450	-	-	-	-
Net Investment Income (Loss)	(198,733)	2,021,684	1,656,511	508,851	1,042,147	5,370,416	(1,316,436)	(30,364)	3,439,211	2,627,136
Benefit Payments, Including Refunds of Member Contributions	(1,212,225)	(1,328,633)	(1,446,301)	(1,611,414)	(1,469,406)	(1,676,840)	(1,726,421)	(1,863,195)	(1,883,779)	(1,889,592)
Administrative Expense	(98,084)	(101,257)	(123,799)	(111,091)	(108,698)	(125,230)	(128,392)	(117,849)	(139,731)	(106,258)
Other	(24,768)	46,960	10,270	(19,010)	8,727	848	18,815	(9,558)	(14,752)	15,190
Net Change in Plan Fiduciary Net Position	678,666	2,813,920	1,615,897	6,968	786,802	4,724,575	(1,922,909)	(464,525)	3,206,243	1,730,340
Plan Fiduciary Net Position - Beginning	16,555,770	17,234,436	20,048,356	21,664,253	21,671,221	22,458,023	27,182,598	25,259,689	24,795,164	28,001,407
Plan Fiduciary Net Position - Ending	17,234,436	20,048,356	21,664,253	21,671,221	22,458,023	27,182,598	25,259,689	24,795,164	28,001,407	29,731,747
Net Pension Liability - Ending	\$ 9,409,567	\$ 5,101,928	\$ 4,156,189	\$ 4,518,453	\$ 6,136,051	\$ 2,515,821	\$ 5,172,451	\$ 6,432,768	\$ 3,900,372	\$ 2,318,568
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.68%	79.71%	83.90%	82.75%	78.54%	91.53%	83.00%	79.40%	87.77%	92.77%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 2,749,435	\$ 3,356,514	\$ 2,648,702	\$ 2,379,603	\$ 2,390,534	\$ 2,089,386	\$ 2,142,513	\$ 1,924,696	\$ 1,858,865	\$ 1,709,097
Contributions in Relation to the Actuarially Determined Contribution	4,385,524	5,001,252	4,341,521	3,897,275	3,301,077	3,110,873	3,124,817	3,620,498	3,194,706	2,397,959
Contribution Excess	<u>\$ (1,636,089)</u>	<u>\$ (1,644,738)</u>	<u>\$ (1,692,819)</u>	<u>\$ (1,517,672)</u>	<u>\$ (910,543)</u>	<u>\$ (1,021,487)</u>	<u>\$ (982,304)</u>	<u>\$ (1,695,802)</u>	<u>\$ (1,335,841)</u>	<u>\$ (688,862)</u>
Covered Payroll	\$ 8,590,395	\$ 9,290,589	\$ 9,475,823	\$ 9,160,530	\$ 8,465,818	\$ 7,388,009	\$ 7,236,172	\$ 7,574,236	\$ 7,310,563	\$ 7,521,702
Contributions as a Percentage of Covered Payroll	51.05%	53.83%	45.82%	42.54%	38.99%	42.11%	43.18%	47.80%	43.70%	31.88%

**Notes to Schedule:**

Valuation Date January 1, 2025  
Measurement Date May 31, 2025  
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.

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 (Prior: PubG-2010 Above Median Employee / Above Median Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 1,707,164	\$ 1,815,386	\$ 1,126,333	\$ 918,295	\$ 840,922	\$ 1,081,857	\$ 1,077,926	\$ 912,974	\$ 1,062,438	\$ 771,946
Contributions in Relation to the Actuarially Determined Contribution	2,212,476	2,175,166	1,519,216	1,239,632	1,314,032	1,154,931	1,229,525	1,556,441	1,805,294	1,083,864
Contribution Excess	<u>\$ (505,312)</u>	<u>\$ (359,780)</u>	<u>\$ (392,883)</u>	<u>\$ (321,337)</u>	<u>\$ (473,110)</u>	<u>\$ (73,074)</u>	<u>\$ (151,599)</u>	<u>\$ (643,467)</u>	<u>\$ (742,856)</u>	<u>\$ (311,918)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

Valuation Date January 1, 2025  
Measurement Date May 31, 2025  
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.

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:**

Age	Rate
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 (Prior: PubG-2010 Total Employee / Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>SALARIED PLAN</b>										
Annual Money-Weighted Rate of Return, Net of Investment Expense	(1.22)%	11.29%	8.03%	2.59%	4.86%	23.96%	(4.90)%	(0.17)%	13.83%	9.30%
<b>BARGAINING UNIT PLAN</b>										
Annual Money-Weighted Rate of Return, Net of Investment Expense	(1.17)%	11.47%	8.32%	2.41%	4.84%	24.26%	(4.90)%	(0.12)%	13.93%	9.59%

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST EIGHT FISCAL YEARS\***

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability:								
Service Cost	\$ 248,822	\$ 269,556	\$ 237,267	\$ 221,700	\$ 201,622	\$ 193,996	\$ 159,742	\$ 210,047
Interest	1,939,224	2,004,070	1,820,624	1,737,439	1,763,676	1,697,088	1,614,801	1,691,038
Differences Between Expected and Actual Experience	981,536	(4,053,660)	(1,439,393)	(862,322)	(1,108,387)	(2,124,593)	1,321,755	69,201
Changes in Assumptions	(139,795)	620,017	(1,813)	1,932,640	(266,012)	431,098	136,564	(374,167)
Benefit Payments, Including Refunds of Member Contributions	(2,060,052)	(1,749,662)	(1,988,168)	(1,818,909)	(1,815,778)	(1,711,375)	(2,213,576)	(2,562,780)
Contributions - Retiree	-	197,813	213,385	209,092	207,483	220,215	236,069	249,526
Net Change in Total OPEB Liability	969,735	(2,711,866)	(1,158,098)	1,419,640	(1,017,396)	(1,293,571)	1,255,355	(717,135)
Total OPEB Liability - Beginning	28,766,745	29,736,480	27,024,614	25,866,516	27,286,156	26,268,760	24,975,189	26,230,544
Total OPEB Liability - Ending	29,736,480	27,024,614	25,866,516	27,286,156	26,268,760	24,975,189	26,230,544	25,513,409
Plan Fiduciary Net Position:								
Contributions - Employer	2,289,292	2,310,104	2,027,798	1,855,418	1,734,198	1,737,894	1,640,907	1,694,075
Contributions - Retiree	187,448	197,813	213,385	209,092	207,483	220,215	236,069	249,526
Net Investment Income	441,966	189,085	310,380	1,788,634	(500,640)	(35,715)	1,214,469	913,344
Benefit Payments, Including Refunds of Member Contributions	(2,060,052)	(1,749,662)	(1,988,168)	(1,818,909)	(1,815,778)	(1,711,375)	(2,213,576)	(2,562,780)
Administrative Expense	(35,081)	(37,451)	(35,761)	(42,645)	(46,975)	(44,553)	(51,078)	(46,942)
Net Change in Plan Fiduciary Net Position	823,573	909,889	527,634	1,991,590	(421,712)	166,466	826,791	247,223
Plan Fiduciary Net Position - Beginning	5,260,881	6,084,454	6,994,343	7,521,977	9,513,567	9,091,855	9,258,321	10,085,112
Plan Fiduciary Net Position - Ending	6,084,454	6,994,343	7,521,977	9,513,567	9,091,855	9,258,321	10,085,112	10,332,335
Net OPEB Liability - Ending	\$ 23,652,026	\$ 20,030,271	\$ 18,344,539	\$ 17,772,589	\$ 17,176,905	\$ 15,716,868	\$ 16,145,432	\$ 15,181,074
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.46%	25.88%	29.08%	34.87%	34.61%	37.07%	38.45%	40.50%
Covered Payroll **	\$ 23,217,114	\$ 23,941,245	\$ 24,118,465	\$ 23,405,010	\$ 25,767,991	\$ 24,864,685	\$ 27,208,819	\$ 31,277,327
Net OPEB Liability as a Percentage of Covered Payroll	101.87%	83.66%	76.06%	75.93%	66.66%	63.21%	59.34%	48.54%

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

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution (1)	\$ 2,506,691	\$ 2,486,586	\$ 2,143,071	\$ 2,175,583	\$ 1,851,431	\$ 1,662,556	\$ 1,598,057	\$ 1,543,626	\$ 1,394,564	\$ 1,478,632
Contributions in Relation to the Actuarially Determined Contribution	<u>2,290,882</u>	<u>2,301,583</u>	<u>2,289,292</u>	<u>2,310,104</u>	<u>2,027,798</u>	<u>1,855,418</u>	<u>1,734,198</u>	<u>1,737,894</u>	<u>1,640,907</u>	<u>1,694,075</u>
Contribution Deficiency (Excess)	<u>\$ 215,809</u>	<u>\$ 185,003</u>	<u>\$ (146,221)</u>	<u>\$ (134,521)</u>	<u>\$ (176,367)</u>	<u>\$ (192,862)</u>	<u>\$ (136,141)</u>	<u>\$ (194,268)</u>	<u>\$ (246,343)</u>	<u>\$ (215,443)</u>
Covered Payroll	N/A	N/A	\$ 23,217,114 (2)	\$ 23,941,245 (3)	\$ 24,118,465 (4)	\$ 23,405,010 (5)	\$ 25,767,991 (6)	\$ 24,864,685 (7)	\$ 27,208,819 (8)	\$ 31,277,327 (9)
Contributions as a Percentage of Covered Payroll	N/A	N/A	9.86%	9.65%	8.41%	7.93%	6.73%	6.99%	6.03%	5.42%

(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.

**Notes to Schedule:**

Valuation Date January 1, 2025

Measurement Date May 31, 2025

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method Entry Age Actuarial Cost Method

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

Salary Scale 4.00%

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. (Prior: 2010 Public Sector Retirement Plans Mortality table for Above average salary general employee populations with MP-2021 mortality improvement)

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

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

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



INDEPENDENT  
NETWORK MEMBER

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Representative Policy Board  
**Finance Committee**  
South Central Connecticut Regional Water District  
90 Sargent Drive, New Haven, CT  
and  
Via Remote Access

**MINUTES**

**Regular Meeting of Monday, September 8, 2025 at 5:00 p.m.**

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**Committee Present:** Vincent Marino(R), Tom Clifford, James DiCarlo(R), Jay Jaser, Carolyn Mancini(R), Jamie Mowat Young(R), Tim Slocum(R), and Michelle Verderame(R)

**RPB Members:** Bob Harvey, Naomi Campbell(R), Charles Havrda(R)

**Authority:** Suzanne Sack(R)

**Management:** Sunny Lakshminarayanan, Rochelle Kowalski, Victor Benni, and Jim Hill(R)

**Staff:** Jennifer Slubowski

Chair Marino called the meeting to order at 5:00 p.m. He reviewed the Safety Moment distributed to members.

On motion made by Mr. Clifford, and seconded by Mr. Jaser, the committee voted to approve the minutes of its August 11, 2025 meeting.

Ms. Kowalski, RWA's Senior Vice President, Chief Financial Officer & Head of Corporate Development, provided background of the financing resolution for the Application for approval of the North Branford Water Storage Tank Replacement Project ("Application"). She stated that the resolution requires Committee approval for recommendation to the Representative Policy Board for consideration when voting on the Application. The project is also receiving funding from the Drinking Water State Revolving Fund, which allows for lower cost project financing.

Mr. Clifford moved for approval of the following resolution:

**WHEREAS**, the South Central Connecticut Regional Water Authority (the "Authority") proposes to issue its Bonds which may be issued as Project Loan Obligations delivered to the State of Connecticut (the "Bonds") in accordance with Special Act 77-98, as amended, of the General Assembly of the State of Connecticut (the "Act") and the Water System Revenue Bond Resolution, General Bond Resolution, adopted by the Authority and approved by the Representative Policy Board of the South Central Connecticut Regional Water District (the "RPB") on July 31, 1980, as amended and supplemented (the "General Bond Resolution"); and

**WHEREAS**, the Act authorizes the Authority to issue its bonds from time to time but subject to the approval of the RPB.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The RPB hereby approves the issuance of the Authority's Bonds in an aggregate principal amount not to exceed Eleven Million Two Hundred Thousand Dollars (\$11,200,000).
2. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and a supplemental resolution to be adopted by the Authority for each series of Bonds, each of which shall specify the amount of the Bonds, the purposes for which the Bonds are to be issued, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, security provisions and such other details of the Bonds as the Authority shall determine in accordance with the limits established by the General Bond Resolution and hereby.
3. The purposes of the Bonds shall be (I) to finance or refinance the cost of certain capital improvements to the water system of the Authority including the replacement of the North Branford Water Storage Tank (II) to provide funds for deposit to the Capital Contingency Fund and the Debt Reserve Fund, as necessary pursuant to the General Bond Resolution and as permitted by the Internal Revenue Code of 1986, as amended and (III) to pay costs of issuance (the "Project").
4. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement to a bank or the State of Connecticut.

Ms. Young seconded the motion. The chair called for the vote and the Committee voted unanimously to adopt the resolution.

Ms. Kowalski, provided an update on the Quarterly Report of RPB approved projects, which included:

- Lake Gaillard Water Treatment Plant Clarifier, Recycle Pump Station & Concrete Restoration
- Lake Gaillard Water Treatment Plant HVAC and Electrical Improvements
- Lake Whitney Dam & Spillway Improvements Phase I – Initial Design Project
- Customer Information System
- Derby Wellfield Facility Chemical Improvements
- Lake Whitney Water Treatment Plan Chemical Feed Improvements
- Lake Gaillard and Lake Saltonstall Water Treatment Plants Electrical Upgrades

Mr. Slocum, RPB Cheshire representative reported that the Cheshire Town Council will vote to replace him as the RPB's representative at its meeting on September 9, 2025. This would be his last meeting if the new appointment is voted into the position. Mr. Slocum noted that his replacement would be a great assist, and he fully supports the Council's decision.

Chair Marino and members thanked Mr. Slocum for his service on the Finance Committee and the RPB.

Atty. Donofrio, Office of Consumer Affairs, noted for the record that Mr. Slocum brought value to the RPB and Finance Committee and is in opposition of the Cheshire Town Council's decision to replace him. He will share his views at the Town Council's meeting on September 9<sup>th</sup>.

The next meeting is scheduled on Monday, October 6, 2025 at 5:00 p.m., hybrid.

Representative Policy Board  
Finance Committee  
September 8, 2025

At 5:14 p.m., on motion made by Mr. Slocum, and seconded by Ms. Young, the Committee voted to adjourn the meeting.

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Vincent M. Marino, Chair

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

TO: RPB Finance Committee Members

Vincent M. Marino  
Thomas P. Clifford III  
James X. DiCarlo  
Jasper J. Jaser  
Carolyn Mancini  
Michelle Verderame  
Jamie Mowat-Young

FROM:  Rochelle Kowalski

DATE: September 28, 2025

SUBJECT: Quarterly financial statements for fiscal year 2026 (ending May 31, 2026)

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Attached are the following financial reports regarding the first quarter of fiscal year 2026. i.e., the quarter ended August 31, 2025:

- Statements of net position as of August 31, 2025 and August 31, 2024;
- Schedule A-1 & A-2: Statements of revenues, expenses and changes in net position as of August 31, 2025, maintenance test, and commentary;
- Schedule B: Operating and maintenance expenses;
- Schedule C: Capital budget report;
- Schedule D: Investment earnings report - comparison of investment rates of return

The reports bulleted above incorporate the Authority's experience from June 2025 through August 2025. For the remainder of fiscal year 2026, the reports include the projections shown on schedules A-2 and B which use the assumptions explained below.

## **Schedule A-2: Statements of Revenues, Expenses and Changes in Net Position**

### Section of page entitled “Three months Ended August 31, 2025”

The figures shown present June 2025 to August 2025 as well as comparative budget vs. actual results for the three months ended August 31, 2025.

### Section of page entitled ‘Year Ending May 31, 2026’

The “budget” column is the budget for fiscal year 2026, as approved by the Five-Member Authority.

#### Assumption 1

The column labeled *Assumption 1* presents earned metered water revenues that reflect three months (June 2025 through August 2025) of consumption and nine months of budgeted consumption for (September 2025 through May 2026).

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

#### Assumption 2

The column labeled *Assumption 2* projects consumption for the months of September 2025 through May 2026 at 5% below budget. Operating expenses for “pump power” and chemicals for these same months are adjusted to reflect the 5% decrease.

#### Assumption 3

The column labeled *Assumption 3* projects consumption for the months of September 2025 through May 2026 at 5% above budget. Operating expenses for “pump power” and chemicals for these same months are adjusted to reflect the 5% increase.

### Section of page entitled “Maintenance Test”

The maintenance test reflects the same three assumptions described above except that water sales are not accrued revenue, but cash collections from June 2025 through August 2025, plus projected cash collections for September 2025 through May 2026. Management projects cash collections by applying historical collection patterns to billings. Management assumes that the billings are collected over the course of the subsequent twelve months.

**Schedule B: Operating and Maintenance Expense**

This schedule provides details of the operating and maintenance expense for the first quarter of fiscal year 2026, as well as projections for September 2025 through May 2026 under the three assumptions presented above.

**Schedule C: Capital Budget Report**

This schedule shows capital expenditures for June 2025 through August 2025, as well as projections for the full fiscal year 2026.

**Schedule D: Interest Earned**

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

Attachments

REGIONAL WATER AUTHORITY  
REVIEW OF FINANCIAL DATA  
August 31, 2025 (FY 2025)

SCHEDULE A-1 - COMMENTARY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**Operating Revenues**

FY26 revenue for water, including wholesale and fire service, is over budget by \$1,243k (approx. 3.2%).

Metered water revenue is over budget by \$1,181k (approx. 3.4%)

Total net other revenue is \$274k over budget due to other water and proprietary expenses being lower than budget.

**Operating Expenses**

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

	Aug-25
Employee Benefits are over budget due to O&M/non-O&M mix and timing.	56,000
General & Admin is under budget due to primarily due to timing.	(75,000)
Transportation is under budget primarily due to timing.	(82,000)
Utilities & Fuel is under budget primarily due to timing of electric service and sewer use charges.	(93,000)
Material From Inventory is over budget primarily due to timing.	81,000
Pump Power is under budget primarily due to timing.	(233,000)
Chemicals Expense is under budget primarily due to timing.	(100,000)
Business Improvement is under budget primarily due to lower than anticipated costs and timing.	(101,000)
Insurance Premiums are over budget due to primarily due to timing.	107,000
Worker's Compensation is under budget due to a change in reserve requirements.	(112,000)
Outside Services is under budget across multiple areas.	(606,000)
Central Lab/Water Quality is under budget primarily due to timing.	(82,000)
Training and continued education is under budget primarily due to timing.	(59,000)
Info. Technology Licensing & Maintenance Fees are over budget primarily due to timing.	178,000
Maintenance & Repairs are under budget primarily due to timing.	(235,000)
All Other	(136,000)
<b>Interest Income</b>	(1,492,000)

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

**PROJECTED MAINTENANCE TEST**

The projected coverage is 1.19 with no shortfall.

**REGIONAL WATER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE MONTHS ENDING AUGUST 31, 2025**

Schedule A-1

	FY 2025 Actual	FY 2026 Budget	FY 2026 Actual	(Under)Over Budget
<b>Operating revenues</b>				
Metered water revenues	\$ 32,770	\$ 35,115	\$ 36,296	\$ 1,181
Fire service	3,451	3,570	3,582	12
Wholesale	254	235	285	50
Other revenue - water	1,605	1,064	1,113	49
Other revenue - proprietary	4,017	4,324	4,226	(98)
Total operating revenues	42,098	44,308	45,503	1,194
<b>Operating expenses</b>				
Operating and maintenance expense	16,888	19,225	17,733	(1,492)
Expense associated with other revenue - water	825	568	504	(64)
Expense associated with other revenue - proprietary	1,620	2,205	1,946	(259)
Provision for uncollectible accounts	(115)	125	363	238
Depreciation and amortization	6,501	6,688	6,688	0
Payment in lieu of taxes	2,354	2,354	2,447	94
Amortization Pension Outflows/Inflows	56	511	511	0
Amortization OPEB Outflows/Inflows	(143)	(36)	(36)	-
Total operating expenses	27,987	31,638	30,155	(1,483)
Operating income	14,111	12,670	15,347	2,678
<b>Nonoperating income and (expense)</b>				
Interest income	2,809	1,802	2,371	569
(Loss) Gain on disposal of assets	(23)	-	-	-
Realized and unrealized (losses) gains on investments	-	-	-	-
Interest expense	(5,447)	(5,461)	(5,420)	41
Amortization of bond discount, premium, issuance cost and deferred losses	701	725	717	(8)
Amortization of Goodwill	-	-	-	-
Intergovernmental revenue	-	-	-	-
Contributions to related entities	-	-	-	-
Total nonoperating income and (expense) before capital contributions	(1,960)	(2,934)	(2,332)	602
Income (expense) before contributions	12,151	\$ 9,736	13,015	\$ 3,280
<b>Capital contributions</b>				
Change in net assets	12,158	-	13,166	-
Total net assets - beginning of fiscal year	322,489	-	359,744	-
Total net assets - end of reporting month	334,647	-	\$ 372,910	-

	Budget	Projected	(Under)Over
<b>FY 2026 MAINTENANCE TEST</b>			
<b>(Budget vs. Projected)</b>	@114%	@114%	@114%
Revenue Collected:			
Water sales	135,906	136,656	750
Interest Income	3,658	4,008	350
BABs Subsidy	616	\$ 616	-
Other Net	9,759	9,759	-
Common Non-Core	(300)	(300)	-
Total	149,639	150,739	1,100
Less:			
Operating and maintenance expenses	(74,062)	(74,062)	-
Depreciation	(10,750)	(10,750)	-
PILOT (A)	(9,623)	(9,623)	-
Net Avail for Debt Service (B)	\$ 55,204	\$ 56,304	\$ 1,100
Debt Service Payments (C)	\$ 47,494	47,370	\$ (124)
Debt Service @ 114% (D)	\$ 54,143	54,001	\$ (142)
Difference (B-D)	\$ 1,061	\$ 2,303	-
RSF, Growth and/or General Fund (D)	-	-	-
Coverage	116%	119%	-

REGIONAL WATER AUTHORITY  
Fiscal Year 2026  
(\$000 Omitted)

SCHEDULE A-2

STATEMENTS OF REVENUES, EXPENSES

AND CHANGES IN NET ASSETS

	Three Months Ending August 31				Twelve Months Ending May 31			
	FY 2025	FY 2026	FY 2026	(Under)Over	Budget	Projection	Projection -	Projection -
	Actual	Budget	Actual	Budget		Assumption 1	Consumption 5% Below Assumption 2	Consumption 5% Above Assumption 3
<b>Operating Revenues</b>								
Metered Water Revenues	\$ 32,770	\$ 35,115	\$ 36,296	\$ 1,181	\$ 122,108	\$ 122,108	\$ 119,133	\$ 125,083
Fire Service	3,451	3,570	3,582	12	14,291	14,291	14,291	14,291
Wholesale Water	254	235	285	50	886	886	886	886
Other revenue - water	1,605	1,064	1,113	49	4,527	4,527	4,527	4,527
Other revenue - proprietary	4,017	4,324	4,226	(98)	17,317	17,317	17,317	17,317
Total Operating Revenues	42,098	44,308	45,503	1,194	159,129	159,129	156,154	162,104
<b>Operating Expenses</b>								
Operating and Maintenance	16,888	19,225	17,733	(1,492)	74,062	74,062	73,786	74,338
Expenses associated with other revenue-water	825	568	504	(64)	2,236	2,236	2,236	2,236
Expenses associated with other revenue-proprietary	1,620	2,205	1,946	(259)	8,720	8,720	8,720	8,720
Provision for uncollectible accounts	(115)	125	363	238	500	500	500	500
Depreciation & Amortization	6,501	6,688	6,688	0	28,500	28,500	28,500	28,500
Payment in lieu of taxes	2,354	2,354	2,447	94	9,295	9,295	9,295	9,295
Amortization Pension Outflows/Inflows	56	511	511	0	1,726	1,726	1,726	1,726
Amortization OPEB Outflows/Inflows	(143)	(36)	(36)	-	(46)	(46)	(46)	(46)
Total Operating Expenses	27,987	31,638	30,155	(1,483)	124,994	124,994	124,718	125,270
Operating Income	14,111	12,670	15,347	2,678	34,134	34,135	31,436	36,834
<b>Nonoperating Income and (expense)</b>								
Interest Income	2,809	1,802	2,371	569	6,407	6,722	6,722	6,722
(Loss)/Gain on disposal of assets	(23)	-	-	-	(1,500)	(1,500)	(1,500)	(1,500)
Interest Expense	(5,447)	(5,461)	(5,420)	41	(21,363)	(21,322)	(21,322)	(21,322)
Amortization of bond discount, premium issuance cost and deferred losses	701	725	717	(8)	3,045	3,045	3,045	3,045
Amortization of Goodwill	-	-	-	-	937	937	937	937
Intergovernmental revenue	-	-	-	-	3,500	3,500	3,500	3,500
Contributions to/from related entities	-	-	-	-	-	-	-	-
Total nonoperating income & (expense)	(1,960)	(2,934)	(2,332)	602	\$ (12,474)	\$ (8,618)	\$ (8,618)	\$ (8,618)
(Expense) income before contributions	12,151	\$ 9,736	13,015	\$ 3,280	\$ 21,661	\$ 25,516	\$ 22,817	\$ 28,215
<b>Capital contributions</b>	8	-	150	-	-	-	-	-
Change in net assets	12,158	-	13,166	-	-	-	-	-
Total net assets - beginning of fiscal year	322,489	-	359,744	-	-	-	-	-
Total net assets - end of reporting month	\$ 334,647	-	\$ 372,910	-	-	-	-	-

	Twelve Months Ending May 31			
	Budget	Projection Assumption 1	Projection - Consumption 5% Below Assumption 2	Projection - Consumption 5% Above Assumption 3
<b>Revenue Collected:</b>				
Water Sales	\$ 135,906	\$ 136,656	\$ 133,999	\$ 139,313
Interest Income	3,658	4,008	4,008	4,008
BABs Subsidy	616	616	616	616
Other Net	9,759	9,759	9,759	9,759
Common Non-Core	(300)	(300)	(300)	(300)
Total	149,639	150,739	148,082	153,396
<b>Less:</b>				
Operating and Maintenance Expenses	(74,062)	(74,062)	(73,786)	(74,338)
Depreciation	(10,750)	(10,750)	(10,750)	(10,750)
PLOT (A)	(9,623)	(9,623)	(9,623)	(9,623)
Net Avail for Debt Service (B)	126,814	56,304	53,923	58,685
Debt service payments (C)	\$ 47,494	\$ 47,370	\$ 47,370	\$ 47,370
Debt Service @ 114% (D)	\$ 54,143	\$ 54,001	\$ 54,001	\$ 54,001
Difference (B-D)	\$ 72,671	\$ 2,303	\$ (78)	\$ 4,684
RSF, Growth and/or General Fund (D)	\$ -	\$ -	\$ (78)	\$ -
Coverage	116%	119%	114%	124%
Required Coverage	114%	114%	114%	114%

REGIONAL WATER AUTHORITY  
OPERATING AND MAINTENANCE EXPENSES  
Fiscal Year 2026  
(\$000 Omitted)

SCHEDULE B

THREE MONTHS ENDING AUG 31				
	FY 2024 Actual	FY 2025 Budget	FY 2025 Actual	(Under) Over
1 Payroll	\$ 6,486	\$ 6,908	\$ 6,896	\$ (12)
2 Employee Benefits Allocation	5,653	2,376	2,432	56
Opeb/Pension - GASB	(3,663)			
Pension	723	661	661	-
3 Administrative Building Space Allo	302	341	306	(34)
4 General & Administrative	450	370	294	(75)
5 Transportation Allocation	217	258	176	(82)
6 Tools & Stores Allocation	74	107	86	(22)
7 Utilities & Fuel	441	614	521	(93)
8 Material From Inventory	75	96	176	81
9 Pump Power Purchased	1,061	1,477	1,243	(233)
10 Chemicals	911	1,027	927	(100)
11 Road Repairs	63	80	89	9
14 Postage	183	189	168	(21)
15 Printing & Forms	8	19	8	(10)
17 Collection Expense	231	293	268	(24)
18 Business Improvement	99	164	63	(101)
19 Public/Customer Information	48	40	45	5
20 Outside Services	1,054	1,280	673	(606)
21 Insurance Premiums	457	529	636	107
22 Worker's Compensation, pre-Chur	10	11	(102)	(112)
23 Damages	16	19	11	(8)
24 Training & Cont. Education	110	101	43	(59)
25 Authority Fees	44	46	36	(10)
26 Consumer Counsel	32	15	14	(1)
27 RPB Fees	43	62	80	17
28 Organizational Dues	28	31	14	(16)
29 Donations	9	12	4	(8)
34 Central Lab/Water Quality	66	105	22	(82)
40 Environmental Affairs	89	65	67	2
44 Info. Technology Licensing & Maintenance Fees	740	949	1,126	178
45 Maintenance and Repairs	772	926	690	(235)
46 Regulatory Asset Amortization	58	58	58	-
	<u>\$ 16,888</u>	<u>\$ 19,225</u>	<u>\$ 17,733</u>	<u>\$ (1,492)</u>

YEAR ENDED MAY 31, 2026			
Budget	Assump 1	Assump 2	Assump 3
27,559	27,559	27,559	27,559
9,471	9,471	9,471	9,471
-	-	-	-
2,855	2,855	2,855	2,855
1,202	1,202	1,202	1,202
1,547	1,547	1,547	1,547
1,032	1,032	1,032	1,032
438	438	438	438
2,331	2,331	2,331	2,331
359	359	359	359
4,754	4,754	4,590	4,918
3,251	3,251	3,139	3,363
320	320	320	320
756	756	756	756
73	73	73	73
1,159	1,159	1,159	1,159
654	654	654	654
303	303	303	303
4,316	4,316	4,316	4,316
2,136	2,136	2,136	2,136
44	44	44	44
75	75	75	75
497	497	497	497
185	185	185	185
60	60	60	60
250	250	250	250
126	126	126	126
49	49	49	49
395	395	395	395
216	216	216	216
-	-	-	-
3,506	3,506	3,506	3,506
3,911	3,911	3,911	3,911
233	233	233	233
<u>\$ 74,062</u>	<u>\$ 74,062</u>	<u>\$ 73,786</u>	<u>\$ 74,338</u>

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

	Period Ending August 31, 2025			Period Ending May 31, 2026		
	Budget	Expenditures	(Under)/Over	Budget	Projected	(Under)/Over
<b>I. NATURAL RESOURCES</b>						
Watershed Protection	12	6	(6)	50	50	-
Land Management	11	2	(9)	50	50	-
Lake Whitney Dam & Spillway Improvements	90	46	(44)	1,675	200	(1,475)
Peat Swamp Dam Modifications	-	19	19	150	150	-
Lake Chamberlain Dam Improvements	-	8	8	50	50	-
Lake Watrous & Lake Glen Aeration System Improvements	3	79	77	25	100	75
Tunnel Diversion Raw Water Main Rehabilitation Program	10	5	(5)	100	100	-
Bridge Refurbishments	20	52	32	200	200	-
Rose's Brook Water Quality Improvements	-	-	-	100	100	-
Furnace Pond Water Quality Improvements	5	-	(5)	96	96	-
Natural Resources Access Road Improvements	30	5	(25)	100	100	-
Miscellaneous Natural Resources	47	-	(47)	175	175	-
Prior Year	-	7	7	-	-	-
<b>TOTAL</b>	<b>227</b>	<b>230</b>	<b>2</b>	<b>2,771</b>	<b>1,371</b>	<b>(1,400)</b>
<b>II. TREATMENT</b>						
Filter Media Replacement	450	445	(5)	445	445	-
LGWTP -Clarifiers Recycle & Building Improvements	224	156	(68)	300	300	-
LGWTP-HVAC Upgrades	968	1,073	105	3,300	3,300	-
LGWTP Filter Underdrain Replacement	200	197	(3)	275	275	-
LGWTP Roof Replacement	5	7	2	3,200	3,200	-
LGWTP Local Control Console Upgrade	65	-	(65)	950	950	-
LGWTP Chemical Feed Improvements	10	13	3	725	725	-
LGWTP Improvements	10	24	14	200	200	-
LSWTP Electrical Upgrades	-	23	23	500	500	-
LGWTP Electrical Upgrades	-	3	3	500	500	-
LSWTP HVAC Upgrades	630	689	59	1,345	1,345	-
LSWTP Improvements - Gravity Thickener	165	255	90	1,891	1,891	-
LSWTP Improvements (Miscellaneous)	10	14	4	200	200	-
LWWTP Chemical Feed Improvements	120	108	(12)	1,920	1,920	-
LWWTP Ozone and DAF Controls	125	23	(102)	200	200	-
West River Drying Bed Improvements	95	49	(46)	2,480	2,480	-
WRWTP Salt Storage	295	163	(132)	545	545	-
WRWTP Improvements (Miscellaneous)	10	6	(4)	200	200	-
Water Treatment Plant Valve Replacement Program	-	-	-	300	300	-
Treatment Plant Buried Valve Improvements	-	-	-	100	100	-
Seymour Wellfield Generator Replacement	10	98	88	831	831	-
Wellfield Facility Improvements - North Cheshire Wellfield	60	130	70	2,250	2,250	-
Well Rehabilitation Program	-	10	10	500	500	-
Well Replacements	5	19	14	1,000	1,000	-
Miscellaneous Wellfield Improvements	4	-	(4)	25	25	-
Future Regulatory Treatment Compliance	4	-	(4)	500	500	-
Treatment Facility Roof Replacements	2	-	(2)	150	150	-
WRWTP Rooftop Air Handling Unit	150	32	(118)	150	150	-
Wellfield Facility Improvements - Derby	700	472	(228)	700	700	-
Miscellaneous Treatment	-	-	-	50	50	-

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

	Period Ending August 31, 2025			Period Ending May 31, 2026		
	Budget	Expenditures	(Under)/Over	Budget	Projected	(Under)/Over
Prior Year	-	0	0	-	0	0
<b>TOTAL</b>	<b>4,317</b>	<b>4,011</b>	<b>(306)</b>	<b>25,732</b>	<b>25,732</b>	<b>0</b>
<b>III. TRANSMISSION AND DISTRIBUTION</b>						
Pipe	2,350	2,166	(184)	9,100	9,100	-
Valve Replacements	120	115	(5)	400	400	-
Service Connections	525	707	182	1,900	1,900	-
Capital Pipe Service Connections	150	30	(120)	700	700	-
Meters	130	219	89	650	650	-
Hydrants and Connections	33	14	(18)	125	125	-
Lead Service Line Replacements	260	302	42	2,500	2,500	-
Brook Lane Transmission Main, North Branford	768	933	165	1,500	1,500	-
Brook Lane/Sunset, North Branford	-	-	-	-	-	-
Raw Water/Transmission Main Replacement & Redundancy	5	-	(5)	400	400	-
George Street Pipe Relocation, New Haven	-	-	-	-	-	-
Cleaning & Cement Lining - Cheshire	-	1	1	600	600	-
Service Area Improvements-East/West Transmission Main	-	-	-	200	200	-
Pipe Bridge Rehabilitation Program	-	1	1	50	50	-
North Branford Tank Replacement	-	30	30	500	500	-
York Hill Tank No. 1 Painting & Stairs	30	19	(11)	1,935	1,935	-
Ford Street Tank #1 Painting and Stairs	50	15	(35)	2,813	2,813	-
Route 80 Throttling Valve Relocation	300	385	85	750	750	-
Variable Frequency Drive Replacement Program	10	(6)	(16)	150	150	-
Critical Pump Station & Transmission Facilities Upgrades	158	148	(11)	650	650	-
Lake Gaillard Pump Station Improvements	12	-	(12)	300	300	-
Spring Street Pump Station Replacement	2	15	13	50	50	-
Raynham Hill Pump Station Improvements	-	-	-	50	50	-
Armory Pump Station Chimney Rehabilitation	2	-	(2)	50	50	-
Devonwood Drive Booster Pump Station	4	-	(4)	100	100	-
Pump Station Generator Replacement	-	3	3	725	725	-
Pump Station Roof Replacements	-	-	-	175	175	-
Pump Station Bypass Improvements	-	-	-	50	50	-
MCC Hill Street Pump Station, Ansonia	-	1	1	50	50	-
MCC Mill Rock Basin Electrical Gear, Hamden	-	-	-	50	50	-
Sanitary Survey Results	10	-	(10)	250	250	-
Water Quality Improvements Program	3	26	22	150	150	-
Miscellaneous Transmission & Pumping	-	6	6	95	101	6
Prior Year	-	43	43	-	43	43
<b>TOTAL</b>	<b>4,922</b>	<b>5,173</b>	<b>251</b>	<b>27,018</b>	<b>27,067</b>	<b>49</b>
<b>IV. GENERAL PLANT</b>						
CIS (Customer Information Services)	522	332	(191)	522	522	-
HRIS Replacement (Human Resources Information Systems)	-	1	1	150	150	-
Work & Asset Management Solutions (Formerly InforEAM GIS Data Integ)	4	6	2	50	50	-
LIMS Business Enhancements	100	30	(70)	150	150	-
AMI Software Business Enhancements	25	-	(25)	25	25	-

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

	Period Ending August 31, 2025			Period Ending May 31, 2026		
	Budget	Expenditures	(Under)/Over	Budget	Projected	(Under)/Over
Cyber Security Enhancements	99	44	(54)	125	125	-
GIS Upgrades and Enhancements	5	3	(2)	25	25	-
Business Analytical Platform	18	65	48	50	50	-
SCADA	20	12	(8)	120	120	-
Data Center Life Cycle Replacements	105	2	(103)	650	650	-
GIS Aerial Mapping	29	117	88	190	190	-
Enterprise Data Archive	175	161	(14)	325	325	-
Miscellaneous Information Systems	48	16	(32)	156	156	-
Equipment	564	757	192	2,318	2,318	-
Miscellaneous Equipment	95	32	(63)	194	194	-
90 Sargent Drive	7	7	0	550	550	-
	12	0	(12)	70	70	-
Prior Year	-	9	9	-	9	9
<b>TOTAL</b>	<b>1,827</b>	<b>1,593</b>	<b>(234)</b>	<b>5,669</b>	<b>5,678</b>	<b>9</b>
<b>SUB-TOTAL</b>	<b>11,293</b>	<b>11,007</b>	<b>(286)</b>	<b>61,190</b>	<b>59,849</b>	<b>(1,341)</b>
V. CONTINGENCY	-	-	-	594	-	(594)
V. PROJECT RESERVE	-	-	-	500	-	(500)
V. <del>PROJECT RESERVE</del>	-	-	-	-	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,094</b>	<b>-</b>	<b>(1,094)</b>
<b>VI. STATE &amp; REDEVELOPMENT PIPE</b>	<b>750</b>	<b>84</b>	<b>(666)</b>	<b>3,000</b>	<b>500</b>	<b>(2,500)</b>
<b>VII. COMMERCIAL</b>						
HSV Enhancements & CMS Upgrade	35	-	(35)	455	455	-
<b>TOTAL</b>	<b>12,078</b>	<b>11,091</b>	<b>(987)</b>	<b>65,739</b>	<b>60,804</b>	<b>(4,935)</b>

Note: Fiscal year-end projections include amendments pending approval

SCHEDULE D

Investment Earnings Report  
Comparison of Investment Rates of Return

<b>Fund Type</b>	<b>Balance @ August 31, 2025</b>	<b>Budgeted Return</b>	<b>Rate of Return August 31, 2025</b>	<b>Rate of Return Fiscal Year to Date</b>
<b>Less than Six Months</b>				
Revenue Investment (A)	\$ 20,813,653	3.67%	4.40%	4.40%
Revenue (B)	5,860,513	0.00%	0.39%	0.32%
Revenue (C)	7,031	0.00%	3.76%	3.78%
Rate Stabilization (A)	10,000,000	3.67%	4.40%	4.40%
Operating Reserve (A)	12,343,656	3.67%	4.40%	4.40%
Capital Contingency (A)	6,244,220	3.67%	4.40%	4.40%
Debt Reserve (A)	24,046,756	3.67%	4.40%	4.40%
Debt Service (A)	4,662,502	3.67%	4.40%	4.40%
PILOT (A)	3,448,363	3.67%	4.40%	4.40%
General Fund (A)	15,478,128	3.67%	4.40%	4.40%
<b>Sub-Total</b>	<b>\$ 102,904,823</b>			
<b>Long Term Investments</b>				
Debt Reserve	750,000	3.15%	3.81%	3.67%
<b>Sub-Total</b>	<b>\$ 750,000</b>			
<b>Other</b>				
Construction (A)	\$ 67,982,975	3.67%	4.40%	4.40%
Construction (C)	22	0.00%	3.76%	3.78%
Construction (E)	27,393	0.00%	0.00%	0.00%
Growth Fund (D)	6,590,022	0.00%	2.01%	2.01%
Interim Financing	961	0.00%	1.99%	1.99%
<b>Sub-Total</b>	<b>\$ 74,601,374</b>			
<b>Total</b>	<b>\$ 178,256,197</b>			

(A) Investments are in the Connecticut Short Term Investment Fund (STIF). The budgeted and actual rate of returns are based on a straight average for the first quarter.

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

(C) Invested in the First American Government Fund.

(D) Balance includes interest earnings.

(E) Cash Balance as of August 31, 2025.

<b>Fund</b>	<b>(Cash Basis) as of August 31, 2025</b>	<b>(Cash Basis) as of August 31, 2025</b>	<b>(Under)/ Over</b>
Debt Reserve	186,281	278,086	91,805
Operating Reserve	87,744	133,851	46,107
Capital Contingency	60,911	69,198	8,287
PILOT	43,120	45,556	2,436
Debt Service	313,556	341,344	27,788
Revenue	111,694	198,543	86,849
Rate Stabilization	93,611	110,940	17,329
General	130,851	163,891	33,040
Sub Total	1,027,768	1,341,409	313,641
Construction	648,810	731,339	82,529
Growth Fund	-	31,294	31,294
Interim Financing	-	5	5
Total	1,676,578	2,104,047	427,469

**Representative Policy Board**  
**Dashboard Metric - 1Q FY26**

Metrics	Quarter ended 8/31/24 (1Q FY 2025)	Quarter ended 2/28/25 (3Q FY 2025)	Quarter ended 05/31/25 (4Q FY 2025)	Quarter ended 08/31/25 (1Q FY 2026)
<b>Financial Metrics</b>				
Coverage	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw
	Projected: 1.17 w/o draw	Projected: 1.19 w/o draw	Projected: 1.23 w/o draw	Projected: 1.19 w/o draw
Draw Requirement	Budget: \$0 million	Budget: \$0 million	Budget: \$0 million	Budget: \$0 million
	Projected: \$0 million	Projected: \$0 million	Projected: \$0 million	Projected: \$0 million
Capital Expenditures to Budget (Note 1)	Budget: \$55.791 million	Budget: \$53.653 million	Budget: \$52.603 million	Budget: \$61.700 million*
	Result: <b>\$9.207 million/16.5% of total fiscal year budget</b>	Result: <b>\$35.352 million/65.9% of total fiscal year budget</b>	Result: <b>\$51.906 million/98.7% of total fiscal year budget</b>	Result: <b>\$11.007 million/17.8% of total fiscal year budget</b>
Aged Account Receivables - Total Water (Note 2)	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551
	Aug. 2024 : <b>\$5,384,765 (-19.1%)</b>	Feb. 2025 : <b>\$5,135,012 (-22.9%)</b>	May. 2025 : \$4,634,724 (-30.4%)	May. 2025 : \$5,413,163 (-18.7%)
Aged Account Receivables - Residential (Note 2)	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160
	Aug. 2024 : <b>\$5,092,672 (-12.7%)</b>	Feb. 2025 : <b>\$4,807,653 (-17.6%)</b>	May 2025 : \$4,181,899 (-28.3%)	May 2025 : \$4,950,885 (-15.1%)
Pension Market Values (Note 3)	Aug 2024 Mkt. Value \$78,836,659	Feb 2025 Mkt. Value \$79,178,742	May 2025 Mkt. Value \$79,459,755	Aug 2025 Mkt. Value \$83,369,359
	June 2024 Mkt. Value \$75,780,869	Dec 2024 Mkt. Value \$78,130,380	March 2025 Mkt. Value \$77,385,725	June 2025 Mkt. Value \$81,486,887
	June Return: <b>5.68%Cal/2.53% Fiscal</b>	Dec Return: <b>10.13% Cal/5.22% Fiscal</b>	May Return: <b>9.41% Fiscal</b>	June Return: <b>6.82% Cal / 9.15% Fiscal</b>
	Actuarial Return Assumption: 6.75%	Actuarial Return Assumption: 6.75%	Actuarial Return Assumption: 6.75%	Actuarial Return Assumption: 6.75%
<b>System Metrics</b>				
Average Daily Production (Draft) to Budget (MGD)/Prior Year (MGD)	Prior Year: 49.111 MGD	Prior Year: 43.255 MGD	Prior Year: 42.322	Prior Year: 50.477 MGD
	Result: <b>50.477 MGD</b>	Result: <b>45.342 MGD</b>	Result: <b>44.414 MGD</b>	Result: <b>56.856 MGD</b>
Disinfection By-products	Target: 100%	Target: 100%	Target: 100%	Target: 100%
	Result: <b>100%*</b>	Result: <b>100%*</b>	Result: 100%	Result: 100%
	* As of June, 2024 updated	* As of Dec, 2024, updated	* As of March 31, 2025, updated	* As of March 31, 2025, updated
Net Unaccounted For Water (annualized)	Target: 10.0%	Target: 10.0%	Target: 10.0%	Target: 10.0%
	Result: <b>12.22% net for the annualized</b>	Result: <b>13.05% net for the annualized</b>	Result: <b>14.04% net for the annualized</b>	Result: <b>10.62% net for the annualized**</b>
	period of June 2023 to May 2024	period of Dec 2023 to Nov 2024	period of March 2024 to February 2025	period of June 2024 to May 2025
Service Disruptions (Notes 4 and 5): Due to Main Breaks				
Number of Disruptions	Result: 6	Result : 44	Result : 10	Result : 5
Number of Customers Impacted	Result: 180	Result : 791	Result : 176	Result : 63
Avg. Period Customers are w/o Water (hrs.)	Target: 6	Target: 6	Target: 6	Target: 6
	Result: 4.91	Result: 2.98	Result: 2.9	Result: 5.5
Water Quality (Note 5):				
Discolored Water - System/Hydraulics				
Number of Complaints	Result: 148	Result : 71	Result : 106	Result : 348

Notes:

Note 1: Excludes State and Redevelopment, Growth Fund, and contingency/reserve. Percentage is of fiscal year budget

Note 2: Reflects aged receivables over 90 days - total water and total residential. Comparison is to pre-pandemic level

Note 3: Fiscal year-end based on audited financials. Other quarters based on latest available reports and net returns

Note 4: This metric may be later expanded to other types of service disruptions with the same statistics

Note 5: This metric may be later expanded to include time to resolve and time to respond w/associated targets

\* Amendments pending approval

\*\* Under review and subject to change