

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 30, 2024

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Authority with certain covenants and procedures relating to certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Notes is excludable from the gross income of the owners thereof for Federal income tax purposes and will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trust and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trust and estates subject to and required to pay the Federal alternative minimum tax. (See Appendix B – “Form of Opinion of Bond Counsel and Tax Matters” herein).



**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
GALES FERRY, CONNECTICUT
\$405,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Dated: October 2, 2024

Due: October 1, 2025

<u>Amount</u>	<u>Coupon</u>	<u>Reoffering</u>	<u>CUSIP¹</u>
\$405,000			841630---

Telephone bids and electronic bids via PARITY® for the Notes will be received until 11:30 A.M. (Eastern Time) on Wednesday, September 11, 2024 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale (See Appendix C to this Official Statement). Telephone bids will be received by an authorized agent of Munistat Services, Inc., at 860-372-1887 until 11:25 A.M. (Eastern Time) in order to ensure compliance with the 11:30 A.M. (Eastern Time) bid deadline.

The \$405,000 General Obligation Bond Anticipation Notes (the “Notes”) will be general obligations of the Southeastern Connecticut Water Authority, Gales Ferry, Connecticut (the “Authority”), payable from any moneys, earnings and revenues of the Authority, including water supply system revenues. See “Security and Remedies” herein.

The Notes will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Notes. Principal of, redemption premium, if any, and interest on the Notes will be payable by the Authority or its agent to DTC or its nominee as registered owners of the Notes. Purchases of the Notes will be made in book-entry form in denominations of \$5,000 or any integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. See “Book-Entry-Only Transfer System” herein. If requested by the successful purchaser as described under “Option For No Book Entry” herein, the Notes will be issued in the form of a single fully-registered physical certificate in the par amount of the Notes.

Unless the successful purchaser of the Notes is designated as such as provided in “Option For No Book Entry” herein, U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut will certify the Notes, and act as Registrar, Transfer Agent, and Paying Agent on the Notes.

The Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about **October 2, 2024**.

This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the Authority and are solely for the convenience of the holders of the Notes. The Authority is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

No dealer, broker, salesperson or other person has been authorized by the Southeastern Connecticut Water Authority, Gales Ferry, Connecticut (the “Authority”) or the Municipal Advisor to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Authority from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The Official Statement has been prepared only in connection with the initial offering and sale of the Notes and may not be reproduced or used in whole or in part for any other purpose.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – “Basic Financial Statements” to this Official Statement, the independent auditors for the Authority are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Other than matters expressly set forth in Appendix B to this Official Statement, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

The Authority deems this Official Statement to be “final” as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The Municipal Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Authority up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Authority assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Authority; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Authority; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Authority; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign hostilities or domestic terrorism or domestic violent extremism; and (xi) other factors contained in this Official Statement.

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NOTE ISSUE SUMMARY

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	<u>Wednesday, September 11, 2024, 11:30 AM (Eastern Time).</u>
Location of Sale:	Proposals may be submitted by telephone to Susan Caron, Vice President at 860-372-1887 or by electronic bid via Parity®.
Issuer:	Southeastern Connecticut Water Authority, Gales Ferry, Connecticut (the “Authority” or “SCWA”).
Issue:	\$405,000 General Obligation Bond Anticipation Notes (the “Notes”).
Dated Date:	Date of Delivery, October 2, 2024.
Interest Due:	At maturity, October 1, 2025.
Principal Due:	At maturity, October 1, 2025.
Purpose and Authority:	The proceeds of the Notes will be used (i) to retire Bond Anticipation Notes initially issued to finance various capital projects, and (ii) for cost of issuance. See “Authorization and Use of Proceeds” herein.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Authority. See “Security and Remedies” herein.
Credit Rating:	No application has been made for a rating on the Notes. The 2007 outstanding bonds of the Authority have a credit rating of “Aa3” from Moody’s Investors Service, Inc. (“Moody’s”) based on the guarantee of the State of Connecticut. See “Rating” herein.
Basis of Award:	Lowest Net Interest Cost (NIC), as of dated date.
Tax Exemption:	Tax Exempt. See “Gorm of Opinion of Bond Counsel” attached as Appendix B.
Bank Qualification:	The Notes shall be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	Because the issuance of the Notes is exempt from the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Authority will not be entering into a continuing disclosure agreement with respect to the Notes.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	Unless the successful purchaser is designated as such as provided in “Option For No Book Entry” herein, U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company (unless the successful purchaser has requested no book entry as described herein, then it is expected that delivery of the Notes will be made to the purchaser) on or about October 2, 2024 against payment in Federal Funds .
Issuer Official:	Questions concerning the Authority and this Official Statement should be addressed to Mr. Joseph Cansler, General Manager, Southeastern Connecticut Water Authority, 1649 Route 12, Gales Ferry, Connecticut 06335. Telephone: 860-652-7586.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at www.i-dealprospectus.com and munistat.com. For additional information please contact the Municipal Advisor at susan.caron@munistat.com or mark.chapman@munistat.com

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Southeastern Connecticut Water Authority, Gales Ferry, Connecticut (the “Authority”) in connection with the issuance and sale of \$405,000 General Obligation Bond Anticipation Notes (the “Notes”), of the Authority.

The Notes are being offered for sale at public bidding. A Notice of Sale dated August 30, 2024 has been furnished to prospective bidders. Reference is made to the Notice of Sale (see Appendix C to this Official Statement) for the terms and conditions of the bidding on the Notes.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Authority contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Notes, and the proceedings of the Authority relating thereto are qualified in their entirety by reference to the definitive form of the Notes, and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Authority.

Munistat Services, Inc. (“Munistat”) is engaged as Municipal Advisor to the Authority in connection with the issuance of the Notes. The Municipal Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal and state income tax status of the Notes or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the Authority with respect to the financial statements of the Authority included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B hereto), and it makes no representation that it has independently verified the same.

The Authority deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

DESCRIPTION OF THE NOTES

The Notes will be dated October 2, 2024 and will be due and payable as to both principal and interest at maturity, on October 1, 2025. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Unless requested by the successful purchaser as described under “Option for No Book Entry” herein, the Notes will be issued as fully-registered notes in denominations of \$5,000 or any integral multiples thereof. A book-entry-only system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York, (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein.

If requested by the successful purchaser as described under “Option For No Book Entry” herein, the Notes will be issued in the form of a single fully-registered physical certificate in the par amount of the Notes. Principal of and interest on the Notes will be payable by the Authority or its agent to the successful purchaser, as registered owner of the Notes.

Unless the successful purchaser of the Notes is designated as the Certifying Agent, Registrar, Transfer Agent and Paying Agent for the Notes as provided in “Option For No Book Entry”, herein, the Certifying Agent, Registrar, Transfer Agent and Paying Agent will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Updike, Kelly & Spellacy, P.C, in substantially the form set forth in Appendix B to this Official Statement.

The Notes are not subject to redemption prior to maturity.

OPTION FOR NO BOOK ENTRY

As described in the official Notice of Sale dated August 30, 2024, a bidder for the Notes may request that the Notes be issued in the form of a single fully-registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Authority as the Certifying Agent, Registrar, Paying Agent and Transfer Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. The Authority reserves the right to decline any request to issue the Notes in non-book-entry form, or to designate the successful bidder as Certifying Agent, Registrar, Paying Agent and Transfer Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests. If the Notes are issued in non-book-entry form, they are non-transferable and must be held to maturity by the winning bidder requesting the no book entry option. The successful bidder shall not impose or charge the Authority for any costs or expenses related to the services as Certifying Agent, Registrar, Paying Agent and Transfer Agent for the Notes if the successful bidder is so designated.

Unless the successful purchaser makes a request for no book entry as described herein and in the official Notice of Sale, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and accredited by DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered Note certificate will be issued for each interest rate of the Notes in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through

electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

REPLACEMENT NOTES

The determination of the Authority officials authorizing the issuance of the Notes provides for issuance of fully-registered note certificates directly to Beneficial Owners of the Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Notes, and the Authority fails to identify another qualified securities depository for the Notes to replace DTC; or (b) the Authority determines to discontinue the book-entry-only system of evidence and transfer of ownership of the Notes. A Beneficial Owner of the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Notes.

DTC PRACTICES

The Authority can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

The Notes will be general obligations of the Authority payable from and secured by a pledge of all moneys, earnings and revenues of the Authority, including water supply system revenues.

The Authority is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Authority. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefor or, in the absence thereof, to order the Authority to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Authority and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds, notes or other obligations.

RATE COVENANTS

The Authority covenants that it will at all times maintain rates, fees, rentals or other charges sufficient to pay, and that any contracts entered into by the Authority for the sale and distribution of water shall contain rates, fees, rentals or other charges sufficient to pay, the cost of operation and maintenance of the properties and the principal of and interest on the Notes, as the same severally shall become due and payable.

CYBERSECURITY

The Authority like many other public and private entities, relies on technology to conduct its operations. The Authority and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other

attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Authority invests in various forms of cybersecurity and operational controls. Additionally, the Authority purchases cybersecurity insurance with Beazley Insurance Company, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Authority’s digital networks and systems and the costs of remedying any such damage could be substantial. As of August 30, 2024, to the best of the Authority’s knowledge, there have been no cyber breaches in respect of its systems.

ENVIRONMENTAL FACTORS

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Authority is vulnerable to inland wetland, small river and stream flooding. The Authority faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Authority has a very active program of tree inspections and removals. The Authority cannot predict the timing, extent or severity of climate change and its impact on its operations and finances, the Authority believes it holds sufficient reserves and annually budgets for contingencies to address unforeseen expenses resulting from the increasing frequency of severe weather. Overall, new development and redevelopment is not increasing risks to natural resources.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Notes will be designated by the Authority as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense incurred to carry the Notes.

AVAILABILITY OF CONTINUING DISCLOSURE

The Authority prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Authority provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

Because the issuance of the Notes is exempt from the requirements of SEC Rule 15c2-12, the Authority will not be entering into a continuing disclosure agreement with respect to the Notes.

The Authority has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five years, the Authority has not failed to comply in any material respect with its previous undertakings under such agreements.

AUTHORIZATION AND USE OF PROCEEDS

The Notes are being issued pursuant to the Authority’s enabling legislation, Special Act No. 381 of the January 1967 session of the General Assembly, as amended, the Connecticut General Statutes, as amended, and a borrowing resolution approved by the members of the Authority on December 9, 2019 and amended on April 12, 2021 and on September 13, 2021.

The Notes will be used to finance the following project authorized by the Authority:

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Grants/ Other Funds</u>	<u>Notes Maturing 10/2/2024</u>	<u>New Money This Issue</u>	<u>Notes This Issue</u>
Various Capital Improvement Projects.....	\$1,500,000	\$0	\$0	\$380,000	\$25,000 ¹	\$405,000

¹ Includes \$25,000 for estimated cost of issuance.

RATING

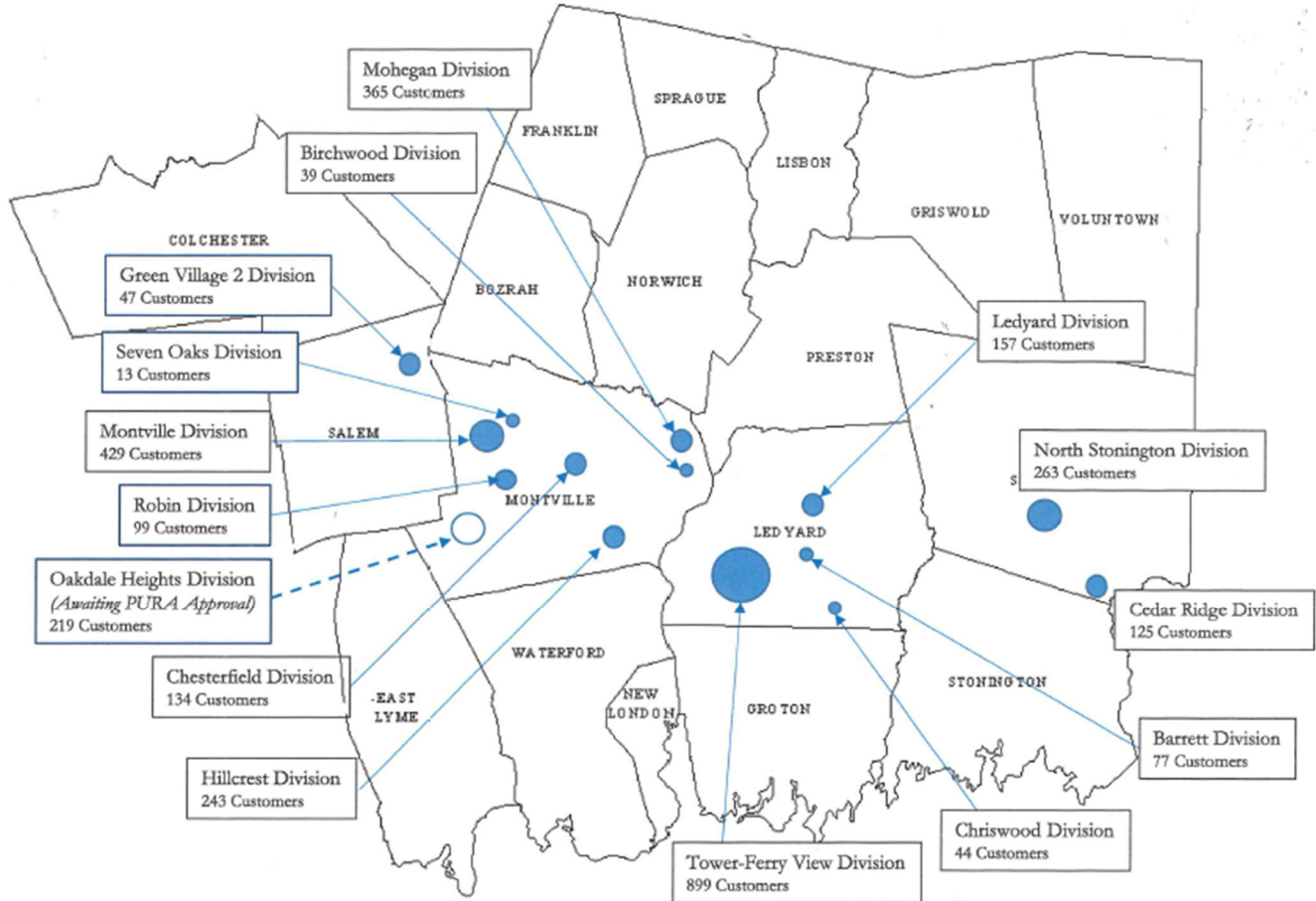
The Authority has not applied for a rating on the Notes. Currently, the Authority has a credit rating of “Aa3” on their outstanding bonds from Moody’s Investors Service, Inc. (“Moody’s”) based on the guarantee of the State of Connecticut.

Generally, a rating agency bases ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. The rating reflects only the view of the rating agency and an explanation of the significance of such rating may be obtained from Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Authority’s bonds and notes, including the Notes.

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II. THE ISSUER

Southeastern Connecticut Water Authority (“SCWA”) Division Locations Map As of July 2024



CREATION AND POWERS OF THE AUTHORITY

In 1961, the General Assembly created the Eastern Connecticut Fresh Water Department Commission to investigate and report upon the future water supply alternatives for a group of Eastern Connecticut Towns centered about the Thames estuary. The report recommended establishing a Southeastern Connecticut Water Authority (“SCWA” or the “Authority”) as the vehicle through which the long-range water supply requirements of the region would be met.

In 1967, the General Assembly created the SCWA as a not-for-profit, public purpose, governmental organization under Special Act SA-381 (the “Act”). The Authority exists to plan, operate, maintain and when needed, construct water supply systems for 21 Southeastern Connecticut municipalities and boroughs. These municipalities and boroughs are the Towns of Bozrah, Colchester, East Lyme, Franklin, Griswold, Groton, Ledyard, Lisbon, Montville, New London, North Stonington, Norwich, Preston, Salem, Sprague, Stonington, Voluntown, and Waterford, the Boroughs of Stonington and Jewitt City, and the City of Groton.

The Authority is a statutorily established non-profit agency charged with the planning, coordination and development of potable water sources and delivery systems to adequately serve all the communities of Southeastern Connecticut.

The Authority endeavors to work with municipalities, the regional planning agency, tribal nations, and private water companies to periodically assist in updating the regional water supply plan to address future needs, and to provide recommendations for source and delivery system actions related to such needs.

The Authority has been serving the region of Southeastern Connecticut for over fifty years. SCWA's mission is to provide southeastern Connecticut with an ample supply of good quality drinking water at a reasonable cost. The direct mission is carried out through the fifteen public water supply systems that the Authority owns and operates. Pursuant to Public Act No. 02-76, the Authority has adopted a water supply plan for the Southeastern Connecticut Planning Region.

Pursuant to the Act, as amended, the State of Connecticut may guarantee SWCA loans for up to a total of fifteen million dollars until 2045.

SCWA is currently in the process of interconnecting several divisions. These interconnections will increase redundancy in the system and provide opportunities for SCWA to close down older systems, equipment, and storage tanks. In 2020, Ledyard Division and Gray Farms Division were connected and the pump station at Gray Farms was eliminated producing a reduction in overall expenses for the Authority. Two years ago, SCWA crews installed a new water main, and back-up water main between the Tower Division pump stations and the main distribution located on East Drive in Gales Ferry. In August 2024 SCWA awarded a project to Richards Corporation, of Terryville Connecticut, to interconnect the Seven Oaks division and Montville division. This project is funded 50% through assistance under the 2021 federal Infrastructure Investment and Jobs Act, 30% from Connecticut Drinking Water State Revolving Fund grants and 20% from Connecticut Drinking Water State Revolving Fund loans. The project includes the installation of 2000 feet of new water main and a new booster pump station between the two divisions.

In the fall of 2024 SCWA intends to upgrade the Ledyard Pump Station and the Spicer Hill Booster Station. The hydropneumatic pressure tanks at both stations will be replaced with variable speed pumps. Earlier this year the State Legislature approved a grant-in-aid for \$3 million to upgrade the pump station, add storage tanks, and upgrade security at the Tower Division. This grant also includes an extension of the emergency connection up Christy Hill Road.

As required by the National Primary Drinking Water Regulations for Lead and Copper, which went into effect in 2021, all public water systems are required to develop a lead service line inventory that identifies all materials used to construct or repair all service lines connected to a public water distribution system. To date SCWA has not identified any lead service lines serving their customers.

In April 2024, the U.S. Environmental Protection Agency (EPA) finalized a National Primary Drinking Water Regulation establishing Maximum Contaminant Levels for Perfluoroalkyl and Polyfluoroalkyl Substances (“PFAS”) in drinking water. The new regulations require all water systems to complete the initial monitoring requirements for each PFAS within 3 years, and when warranted, take steps to assure compliance within 5 years. SCWA intends to start sampling for PFAS in 2025.

AUTHORITY MEMBERS

The seven-member Southeastern Connecticut Water Authority governing board is appointed by the 42-member Representative Advisory Board which is comprised of two members for each of the region's constituent municipalities. Two members of the Authority's governing board must be selected from a slate of no fewer than three nominees provided by the Southeastern Connecticut Regional Council of Governments. The Representative Advisory Board also monitors finances of the Authority through an annual audit. The Authority's statutory powers include the power of eminent domain, the authority to issue bonded debt, the ability to set service rates, the right to receive grants, and generally to do anything necessary or convenient to carry out its purposes. The members of the Authority's governing board and its Representative Advisory Board are set forth below.

Authority Board Members

<u>Office</u>	<u>Name</u>	<u>Years of Service</u>
Chairman.....	Harry Watson	16 Years
Vice-Chairman...	Alex Masse	3 Years
Treasurer.....	Paul B. Eccard	19 Years
Member.....	Nicholas Mullane	17 Years
Member.....	Claudia Koerting	6 Years
Member.....	Vacant	N/A
Member.....	Vacant	N/A

**Representative Advisory Board
Servicing 2024-2025**

<u>Representative Town</u>	<u>Member</u>
Bozrah.....	Steven Coit, Jim Bonanno
Colchester.....	Vacancy, Vacancy
East Lyme.....	Kevin Seery, Carol Russell
Franklin.....	Thomas Seidel, Vacancy
Griswold.....	Vacancy, Vacancy
Groton, City.....	Martin Artale Jr., George Scully
Groton, Town.....	Mary Lou Smith, Vacancy
Jewitt City Borough.....	Vacancy, Vacancy
Ledyard.....	Mike Cherry, James Harris
Lisbon.....	Vacancy, Vacancy
Montville.....	William Piendiatz, Chuck Longton
New London.....	Barry J. Weiner, Vacancy
North Stonington.....	Michael Macina, Robert Boissevain
Norwich.....	Christopher Seery, Vacancy
Preston.....	Steven Colli, Vacancy
Salem.....	Leslie Hotary, Vacancy
Sprague.....	Vacancy, Vacancy
Stonington.....	Vacancy, Vacancy
Stonington Borough.....	Kathryn Nason Burchenal, Kevin Bowdler
Voluntown.....	Vacancy, Vacancy
Waterford.....	Vacancy, Vacancy

AUTHORITY EMPLOYEES

The following table illustrates the full and permanent part-time Authority employees for the last five fiscal years:.

<u>Fiscal Year</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Employees	6	6	7	7	7

Source: Authority Officials.

The Authority has no union employees.

SERVICE AREA

The Authority serves approximately 2,935 customers through the operation of 15 water systems that it owns and 18 small water systems that it is contracted to operate. Over the past twenty years, the number of customers serviced by the Authority has increased by about 10%. The four service areas that make up SCWA's customers are the Towns of Ledyard (40% of SCWA's customers), Montville (45.1% of SCWA's customers), North Stonington (13.35% of SCWA's customers), and Salem (1.6% of SCWA's customers).

DESCRIPTION OF LARGEST SERVICE AREA TOWNS

Town of Ledyard – The Town of Ledyard, a suburban coastal community with an approximate population in 2022 of 15,394 (Source: U.S. Census Bureau, 2018-2022 American Community Survey), was incorporated in 1836 and covers an area of 40.5 square miles on the east shore of the Thames River between Groton and Norwich. The Town, located approximately 45 miles southeast of Hartford, Connecticut and approximately 5 miles south of Norwich, Connecticut is bound on the north by Preston, on the east by North Stonington, on the south by Groton and on the western side of the Thames River by Waterford and Montville. Ledyard is intersected by State Routes 2, 12, 117, and 214 with easy access to Interstate 95 and 395 from Boston and New York. The Town hosts northern portions of the U.S. Naval Submarine Base and is located three miles from Mystic.

Gaming and the manufacturing of chemicals and plastics are the principal industries located in the Town of Ledyard. Most retail business is concentrated along Route 12 in Gales Ferry, and Route 117 in Ledyard Center.

Transportation is provided by Amtrak Rail Service in New London and Mystic, numerous motor common carriers, and air freight out of Groton/New London Airport in Groton.

Ledyard is also home to the Mashantucket Pequot Indian Tribe, who reside within an approximately 2,244 acre reservation established by an Act of Congress in 1983, located in the northeastern portion of the Town on Route 2. The Mashantucket Pequots have built one of the world's largest gaming facilities Foxwoods Resort and Casino and MGM Grand, which currently has four operating casinos, three hotels, a 4,000 seat theater, and numerous restaurants. A 28 pump gas station (24 regular and 4 diesel), and a 300,000 square foot, 80-store retail outlet center opened in May, 2015. The Mashantucket Pequot Tribe currently pays in excess of \$725,000 in annual property taxes to Ledyard for the Two Trees Hotel and several other properties located off the reservation. A state-of-the-art, \$150 million museum celebrating Native American History opened in August 1998. Total Tribal and casino employment is estimated at approximately 6,500 (source: foxwoods.com/careers). In addition, a new \$350,000,000, 550 room Great Wolf Lodge (hotel and waterpark) is under construction and is expected to be completed in 2025.

The median home sales price for 2022 was \$275,500 (Source: U.S. Census Bureau, 2018-2022 American Community Survey).

Town of Montville – The Town of Montville, covering 44.2 square miles in New London County, was incorporated in 1789 from the City of New London. Bordered by the towns of Waterford, East Lyme, Salem, Bozrah, Norwich, Preston and Ledyard, Montville lies just north of the City of New London and has access to the Thames River. Primarily a suburban residential community. Montville's population was 18,160 in 2022 (Source: U.S. Census Bureau, 2018-2022 American Community Survey). There are over 5,000 single-family residences, more than 200 condominiums, and 33 apartment buildings in Town. The Town has developed gradually and still has substantial open space and over 1,000 acres of agricultural land.

Montville is served by I-395, I-95 and Connecticut Routes 2A, 32, 2, 85, 161 and 163. Passenger bus service is provided by Southeast Area Transport, and freight service is provided by Central Vermont railway and numerous common carriers.

The Mohegan Tribe of Indians (the "Tribe") is a federally recognized Indian tribe with a 597-acre reservation that is contiguous to the Town. In 1996, the Tribe opened a \$330 million gaming facility known as the Mohegan Sun Casino and resort ("Mohegan Sun") on a 240-acre site on the Tribe's reservation overlooking the Thames River. In September 2001, the Tribe completed a \$1.4 billion expansion of its casino. The expansion included the addition of nearly 300,000 square feet of gaming space, a 1,200-room hotel and retail stores. The 400-room Earth Tower Hotel opened in November 2016. In May of 2018, the Earth Expo and Convention Center opened offering over 275,000 square feet of meeting space. Pursuant to an agreement with the State of Connecticut and the Town, which was approved by the United States Congress, the Tribe may expand its reservation to 700 acres. The Tribe is not required to pay property taxes on reservation lands, but has consented as part of this agreement

to make an annual \$500,000 payment in lieu of taxes to the Town and to pay certain other taxes to the Town. This annual payment of \$500,000 is earmarked for the Town's capital needs. The tribe is also participating in a Regional Water Project Agreement with the Town and other local governments. The regional water system was completed in April of 2008. Under the agreement, the Tribe will pay for all water and sewer usage on the same basis as any other customer. Both the Town and the Tribe continue to maintain a positive working relationship to address the needs of the residents of the Town.

The median home sales price for 2022 was \$248,400 (Source: U.S. Census Bureau, 2018-2022 American Community Survey).

Town of North Stonington – The roots of North Stonington date back to the early settlement of the Town of Stonington in 1649. Originally under the jurisdiction of the Massachusetts colony, the area became part of Connecticut when Governor Winthrop obtained a new Charter of Connecticut from King Charles II in 1662. In April of 1806, the Town of Stonington voted to separate into two separate towns based on ancient Congregational Church parishes.

North Stonington covers 55 square miles and is characterized by extensive agricultural lands, rolling wooded hills, and low-density, residential development. The towns of Ledyard, Voluntown, Preston and Stonington are contiguous as is the State of Rhode Island to the east. Located eleven miles from the Atlantic Ocean, the town is served by Connecticut Routes 2, 49 184, 201 and 216. Interstate 95 runs north-south through the southeast corner of the Town providing access to Rhode Island on the east and the Connecticut shoreline to the west. Bradley International Airport is ninety miles to the northwest and T.F. Green Airport is thirty-five miles to the east in Warwick, Rhode Island. The population was 5,160 in 2022 (Source: U.S. Census Bureau, 2018-2022 American Community Survey). The Town enjoys five inland bodies of water used extensively for recreation. The lakes are known as Wyassup, Billings, Anderson Pond (Blue Lake), Lake of Isles and Long Pond.

The median home sales price for 2022 was \$356,300 (Source: U.S. Census Bureau, 2018-2022 American Community Survey).

Town of Salem – Nestled among hills, wetlands and open fields, the Town of Salem covers an area of 29.0 total square miles of land in the southeastern part of Connecticut between the Connecticut River and the Thames River in New London County. This area, called "Paugwonk" by Native Americans, was settled about 1700 and was named "New Salem Parish" in 1725 by a prominent landowner originally from Salem, Massachusetts. On May 5, 1819, with a population of about 1,200, the Town was incorporated into a separate town from sections of Lyme, Colchester, and Montville. A Charter for the Town was passed on November 2, 2004, and became effective January 1, 2005.

Salem is a rural community with its history in farming and is now primarily a bedroom community for workers from the Hartford and New London areas. Geographically, Salem is centrally-located with access to Norwich and New London, as well as other metropolitan areas in the southeastern region of Connecticut. Salem enjoys access to major interstate highways, as well as state roads providing a seamless infrastructure for the movement of commuters and goods. Downtown Hartford is only thirty minutes away; New London and Norwich are approximately twenty minutes away; and major highways such as 1-95, 1-395, and Connecticut Routes 11 and 2 link Salem with major urban areas throughout the Northeast, including Providence (70 miles), Boston (116 miles) and New York (128 miles). The population in 2022 was 4,230 (Source: U.S. Census Bureau, 2018-2022 American Community Survey).

Amtrak service throughout the Northeast Corridor and beyond is available in New London, and a ferry operates in New London with service to Orient Point on Long Island, New York. Bradley International Airport is only an hour from Salem, and Salem residents live within a few miles of Lawrence & Memorial Hospital in New London, the Backus Hospital in Norwich, and the Flanders Health Center in East Lyme, Connecticut. The Mohegan Sun Casino is located in neighboring Montville, Connecticut, and the Foxwoods Casino is located within 15 miles.

Within the Town, the "four-corners" area, located at the junction of State Routes 82 and 85, is well-developed, with commercial businesses offering a variety of services. Established businesses located in this area include restaurants, retail stores, a bank, and a veterinary clinic. The Town also has an industrial zone adjacent to the full interchange of Route 11 at Witch Meadow Road that is ideal for warehouses, shipping and transfer facilities, and other businesses that make use of large capacity over-the-road transit.

The median home sales price for 2022 was \$359,200 (Source: U.S. Census Bureau, 2018-2022 American Community Survey).

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Town of Ledyard				Town of Montville			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2022	15,394	4.3	380	2022	18,160	(3.6)	411
2019	14,761	(1.7)	364	2019	18,835	(3.3)	426
2010	15,023	2.3	371	2010	19,469	5.0	440
2000	14,687	(1.5)	363	2000	18,546	11.2	420
1990	14,913	8.6	368	1990	16,673	1.3	377
1980	13,735	(7.4)	339	1980	16,455	5.1	372

Town of North Stonington				Town of Salem			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2022	5,160	(1.2)	94	2022	4,230	2.9	146
2019	5,223	(0.6)	95	2019	4,112	0.1	142
2010	5,252	5.2	95	2010	4,107	6.5	142
2000	4,991	2.2	91	2000	3,858	16.6	133
1990	4,884	15.8	89	1990	3,310	41.8	114
1980	4,219	11.3	77	1980	2,335	60.7	81

¹ 1980 – 2020 - U.S. Department of Commerce, Bureau of Census,; U.S. Census Bureau, 2018-2022 American Community Survey.

² Per square mile: Ledyard: 40.5 square miles; Montville: 44.2 square miles; North Stonington: 55 square miles and Salem: 29 square miles.

AGE DISTRIBUTION OF THE POPULATION

	Town of Ledyard		Town of Montville		Town of North Stonington	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	991	6.4%	754	4.2%	255	4.9%
5 - 9 years.....	1,055	6.9%	525	2.9%	206	4.0%
10 - 14 years.....	1,425	9.3%	1,232	6.8%	238	4.6%
15 - 19 years.....	877	5.7%	1,129	6.2%	385	7.5%
20 - 24 years.....	662	4.3%	1,410	7.8%	207	4.0%
25 - 34 years.....	2,116	13.7%	2,558	14.1%	250	4.8%
35 - 44 years.....	1,992	12.9%	2,127	11.7%	682	13.2%
45 - 54 years.....	1,706	11.1%	2,713	14.9%	758	14.7%
55 - 59 years.....	1,048	6.8%	1,399	7.7%	309	6.0%
60 - 64 years.....	1,090	7.1%	1,320	7.3%	588	11.4%
65 - 74 years.....	1,510	9.8%	1,462	8.1%	875	17.0%
75 - 84 years.....	701	4.6%	1,122	6.2%	206	4.0%
85 and over.....	221	1.4%	409	2.3%	201	3.9%
Totals.....	15,394	100.0%	18,160	100.0%	5,160	100.0%
Median Age (years)	37.5		42.7		49.8	

	Southeastern CT					
	Town of Salem		Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	131	3.1%	13,405	4.8%	182,768	5.1%
5 - 9 years.....	443	10.5%	13,422	4.8%	196,600	5.4%
10 - 14 years.....	245	5.8%	17,075	6.1%	222,267	6.2%
15 - 19 years.....	293	6.9%	18,651	6.7%	247,501	6.9%
20 - 24 years.....	198	4.7%	19,985	7.1%	241,391	6.7%
25 - 34 years.....	477	11.3%	35,961	12.8%	449,466	12.4%
35 - 44 years.....	630	14.9%	32,078	11.4%	445,052	12.3%
45 - 54 years.....	571	13.5%	34,783	12.4%	475,109	13.2%
55 - 59 years.....	219	5.2%	21,527	7.7%	266,117	7.4%
60 - 64 years.....	300	7.1%	20,449	7.3%	255,938	7.1%
65 - 74 years.....	511	12.1%	30,856	11.0%	362,365	10.0%
75 - 84 years.....	189	4.5%	15,264	5.4%	178,746	4.9%
85 and over.....	23	0.5%	6,837	2.4%	87,997	2.4%
Totals.....	4,230	100.0%	280,293	100.0%	3,611,317	100.0%
Median Age (years)		38.7		41.6		40.9

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

INCOME DISTRIBUTION

	Town of Ledyard		Town of Montville		Town of North Stonington	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	180	4.6%	75	1.7%	0	0.0%
10,000 - 14,999.....	33	0.8%	64	1.5%	1	0.1%
15,000 - 24,999.....	64	1.6%	47	1.1%	146	9.6%
25,000 - 34,999.....	25	0.6%	166	3.8%	37	2.4%
35,000 - 49,999.....	153	3.9%	281	6.4%	127	8.3%
50,000 - 74,999.....	557	14.3%	666	15.3%	230	15.1%
75,000 - 99,999.....	663	17.1%	504	11.5%	127	8.3%
100,000 - 149,999....	1,094	28.2%	1,357	31.1%	240	15.7%
150,000 - 199,999....	391	10.1%	495	11.3%	328	21.5%
200,000 and over.....	724	18.6%	711	16.3%	288	18.9%
Totals.....	3,884	100.0%	4,366	100.0%	1,524	100.0%

	Southeastern CT					
	Town of Salem		Planning Region		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	0	0.0%	1,354	1.9%	21,866	2.4%
10,000 - 14,999.....	13	1.0%	1,615	2.3%	13,844	1.5%
15,000 - 24,999.....	11	0.9%	2,580	3.6%	32,363	3.5%
25,000 - 34,999.....	54	4.3%	3,552	5.0%	38,177	4.2%
35,000 - 49,999.....	68	5.4%	5,917	8.4%	65,393	7.2%
50,000 - 74,999.....	54	4.3%	10,192	14.4%	112,628	12.4%
75,000 - 99,999.....	142	11.3%	8,783	12.4%	109,739	12.0%
100,000 - 149,999....	405	32.1%	15,589	22.0%	184,504	20.2%
150,000 - 199,999....	212	16.8%	9,942	14.0%	125,406	13.8%
200,000 and over.....	301	23.9%	11,299	16.0%	207,948	22.8%
Totals.....	1,260	100.0%	70,823	100.0%	911,868	100.0%

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

INCOME LEVELS

	Town of Ledyard	Town of Montville	Town of North Stonington
Per Capita Income, 2022.....	\$43,734	\$39,464	\$46,610
Per Capita Income, 2019.....	\$44,704	\$35,161	\$36,036
Per Capita Income, 2010.....	\$37,663	\$28,492	\$39,588
Per Capita Income, 1999.....	\$24,953	\$22,357	\$25,815
Median Family Income, 2022.....	\$113,521	\$108,125	\$120,135
Median Family Income, 2019.....	\$112,930	\$88,096	\$100,114
Median Family Income, 2010.....	\$97,152	\$80,156	\$96,125
Median Family Income, 1999.....	\$69,214	\$61,643	\$61,733
Percent Below Poverty Level 2022.....	7.2%	3.6%	6.9%
	Town of Salem	Southeastern CT Planning Region	State of Connecticut
Per Capita Income, 2022.....	\$54,394	\$43,292	\$52,034
Per Capita Income, 2019.....	\$54,368	\$39,426	\$44,496
Per Capita Income, 2010.....	\$41,414	\$32,888	\$36,775
Per Capita Income, 1999.....	\$27,288	\$24,678	\$28,766
Median Family Income, 2022.....	\$119,659	\$103,536	\$115,539
Median Family Income, 2019.....	\$128,563	\$91,499	\$100,418
Median Family Income, 2010.....	\$106,875	\$97,139	\$84,170
Median Family Income, 1999.....	\$75,747	\$59,857	\$65,521
Percent Below Poverty Level 2022.....	2.3%	7.0%	6.8%

Source: U.S. Department of Commerce, Bureau of Census, 2000, 2010, 2019; U.S. Census Bureau, 2018-2022 American Community Survey.

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EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

	Town of Ledyard		Town of Montville		Town of North Stonington	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	118	1.1%	165	1.3%	79	2.0%
9th to 12th grade.....	216	2.1%	960	7.3%	150	3.9%
High School graduate.....	2,608	25.1%	4,697	35.8%	1,072	27.7%
Some college, no degree.....	2,541	24.5%	2,934	22.4%	573	14.8%
Associate's degree	851	8.2%	1,228	9.4%	296	7.7%
Bachelor's degree.....	2,287	22.0%	1,914	14.6%	869	22.5%
Graduate or professional degree..	1,763	17.0%	1,212	9.2%	830	21.5%
Totals.....	10,384	100.0%	13,110	100.0%	3,869	100.0%
Total high school graduate or higher (%).....		96.8%		91.4%		94.1%
Total bachelor's degree or higher (%).....		39.0%		23.8%		43.9%

	Town of Salem		Southeastern CT Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	17	0.6%	5,537	2.8%	101,820	4.0%
9th to 12th grade.....	28	1.0%	9,511	4.8%	118,256	4.7%
High School graduate.....	541	18.5%	58,571	29.6%	650,788	25.8%
Some college, no degree.....	392	13.4%	40,400	20.4%	414,533	16.4%
Associate's degree	354	12.1%	16,870	8.5%	192,167	7.6%
Bachelor's degree.....	1,073	36.7%	38,034	19.2%	573,917	22.8%
Graduate or professional degree..	515	17.6%	28,832	14.6%	469,309	18.6%
Totals.....	2,920	100.0%	197,755	100.0%	2,520,790	100.0%
Total high school graduate or higher (%).....		98.5%		92.4%		91.3%
Total bachelor's degree or higher (%).....		54.4%		33.8%		41.4%

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

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MAJOR EMPLOYERS IN THE AREA

Employer	Product	Location	Estimated Number of Employees
General Dynamics.....	Ship Builders & Repairs.....	Groton	(5,000 - 9,999)
Millstone Power Station.....	Power Plant.....	Waterford	(1,000 - 4,999)
Thomas G Faria Corporation.....	Gauges & Gages Manufacturer.....	North Stonington	(250 - 499)
Mystic Marriott.....	Hotel.....	Stonington	(250 - 499)
Certapro Painters.....	Painters.....	Bozrah	(100 - 249)
U.S. Navy Submarine Base.....	Military Base.....	Groton	10,524
Electric Boat Corporation.....	Submarine Manufacturer.....	Groton	10,038
Foxwoods Casino & High Stakes Bingo.....	Casino & Entertainment.....	Ledyard	6,500
Pfizer, Inc.....	Pharmaceuticals.....	Groton	4,503
Lawrence & Memorial Hospital.....	Medical Center.....	New London	2,500
Connecticut College.....	Higher Education.....	New London	909
U.S. Coast Gaurd.....	Military & Civilian.....	New London	900
Town of Montville.....	Municipality.....	Montville	806
Town of Ledyard.....	Municipality.....	Ledyard	528
Air National Guard TASMG.....	Helicopter Repair.....	Groton	464
Town of Stonington.....	Municipality.....	Stonington	439
Corrigan Correctional Center.....	Correctional Facility.....	Montville	434
Davis Standard.....	Plastic Extrusion Systems.....	Stonington	401
Mystic Seaport.....	Maritime Museum.....	Stonington	348
Day Publishing Company.....	Newspaper.....	New London	280
Mystic Aquarium & Institute for Exploration..	Marine Life Aquarium.....	Stonington	254
Stop & Shop.....	Supermarket.....	Montville	235
Mystic CT Senior Prop LLC.....	Retiement Community.....	Stonington	232
Doncaster Precision Castings.....	Manufacturer.....	Groton	223
Pendleton Health & Rehabilitation Center.....	Rehabilitation Services.....	Stonington	206
A/Z Corporation.....	Construction Management.....	North Stonington	200

Source: State of Connecticut Department of Labor website as of July 2024

<https://www1.ctdol.state.ct.us/lmi/EmpSearchTopList.asp?intAreaType=3&intArea=3&IntTopEmployer=100> ; Stonington Official Statement dated April 5, 2023, New London Official Statement dated March 5, 2024, Groton Official Statement dated April 11, 2024 and Ledyard Official Statement dated April 17, 2024.

Note: The information shown above was derived from information obtained from various sources believed to be reliable as of the date provided. It should be noted the data may not reflect all consolidation or workforce reduction plans.

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EMPLOYMENT BY INDUSTRY

Sector	Town of Ledyard		Town of Montville		Town of North Stonington	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	22	0.2%	17	0.7%
Construction.....	463	6.4%	532	5.7%	185	7.1%
Manufacturing.....	1,374	19.1%	1,691	18.2%	200	7.7%
Wholesale Trade.....	93	1.3%	84	0.9%	18	0.7%
Retail Trade.....	830	11.5%	1,215	13.1%	158	6.1%
Transportation and warehousing, and utilities....	213	3.0%	423	4.6%	110	4.2%
Information	68	0.9%	111	1.2%	47	1.8%
Finance, insurance, real estate, and rental and leasing.....	286	4.0%	218	2.3%	143	5.5%
Professional, scientific, management, administrative, and waste management svcs....	949	13.2%	809	8.7%	233	8.9%
Educational, health and social services.....	1,282	17.8%	1,768	19.0%	688	26.4%
Arts, entertainment, recreation, accommodation and food services.....	694	9.6%	1,596	17.2%	491	18.8%
Other services (except public administration)...	308	4.3%	281	3.0%	203	7.8%
Public Administration	633	8.8%	540	5.8%	116	4.4%
Total Labor Force, Employed.....	7,193	100.0%	9,290	100.0%	2,609	100.0%

Sector	Town of Salem		Southeastern CT Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	34	1.6%	901	0.7%	7,460	0.4%
Construction.....	154	7.1%	7,916	5.8%	112,421	6.1%
Manufacturing.....	304	14.0%	20,028	14.7%	194,805	10.6%
Wholesale Trade.....	69	3.2%	2,212	1.6%	40,518	2.2%
Retail Trade.....	153	7.1%	15,420	11.3%	196,267	10.7%
Transportation and warehousing, and utilities....	124	5.7%	4,867	3.6%	82,215	4.5%
Information	44	2.0%	1,763	1.3%	36,440	2.0%
Finance, insurance, real estate, and rental and leasing.....	120	5.5%	6,147	4.5%	164,811	9.0%
Professional, scientific, management, administrative, and waste management svcs....	176	8.1%	11,972	8.8%	217,442	11.9%
Educational, health and social services.....	477	22.0%	34,872	25.5%	485,013	26.5%
Arts, entertainment, recreation, accommodation and food services.....	267	12.3%	18,398	13.5%	148,594	8.1%
Other services (except public administration)...	163	7.5%	5,674	4.2%	80,864	4.4%
Public Administration	81	3.7%	6,412	4.7%	65,675	3.6%
Total Labor Force, Employed.....	2,166	100.0%	136,582	100.0%	1,832,525	100.0%

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

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EMPLOYMENT DATA

<u>Period</u> ¹	<u>Percentage Unemployed</u>		
	<u>Town of Ledyard</u>	<u>Town of Montville</u>	<u>Town of North Stonington</u>
June 2024.....	2.3%	2.5%	2.1%
May 2024.....	3.5	3.7	3.2
April 2024.....	3.2	3.3	2.9
March 2024.....	3.3	3.7	3.1
February 2024.....	4.4	5.1	4.0
January 2024.....	4.1	4.9	3.8
<u>Annual Average</u>			
2023.....	3.0%	3.6%	3.2%
2022.....	3.8	4.3	3.7
2021.....	6.1	6.6	5.5
2020.....	9.3	10.2	7.0
2019.....	2.9	3.6	3.1
2018.....	3.2	3.9	3.2
2017.....	3.5	4.3	3.5
2016.....	4.0	4.8	3.9
2015.....	5.1	6.1	4.7
2014.....	5.7	6.9	6.3

<u>Period</u> ¹	<u>Percentage Unemployed</u>		
	<u>Town of Salem</u>	<u>Norwich-New London</u>	<u>State of Connecticut</u>
June 2024.....	2.2%	2.7%	2.8%
May 2024.....	3.5	3.9	4.1
April 2024.....	2.7	3.5	3.5
March 2024.....	3.9	4.0	4.2
February 2024.....	5.1	5.2	5.4
January 2024.....	4.5	4.8	5.0
<u>Annual Average</u>			
2023.....	3.5%	3.6%	3.8%
2022.....	4.1	4.1	4.1
2021.....	5.8	6.9	6.4
2020.....	8.4	10.0	8.0
2019.....	3.1	3.5	3.6
2018.....	3.5	3.8	3.9
2017.....	4.1	4.3	4.4
2016.....	4.9	5.0	4.8
2015.....	5.5	6.1	5.6
2014.....	6.2	7.2	6.6

¹ Not seasonally adjusted.

² Estimated.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Ledyard		Town of Montville		Town of North Stonington	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	284	4.7%	575	8.2%	439	17.9%
1940 to 1949.....	137	2.3%	272	3.9%	135	5.5%
1950 to 1959.....	822	13.5%	971	13.9%	157	6.4%
1960 to 1969.....	1,774	29.2%	1,581	22.7%	367	15.0%
1970 to 1979.....	1,322	21.7%	769	11.0%	382	15.6%
1980 to 1989.....	694	11.4%	1,013	14.5%	384	15.6%
1990 to 1999.....	416	6.8%	756	10.8%	238	9.7%
2000 to 2009.....	394	6.5%	951	13.6%	241	9.8%
2010 to 2019.....	226	3.7%	57	0.8%	111	4.5%
Later than 2020.....	16	0.3%	30	0.4%	0	0.0%
Total housing units, 2022..	6,085	100.0%	6,975	100.0%	2,454	100.0%
Percent Owner Occupied, 2022		84.2%		80.8%		91.6%

Year Built	Town of Salem		Southeastern CT Planning Region		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	120	7.0%	30,024	24.0%	316,471	20.7%
1940 to 1949.....	44	2.6%	5,216	4.2%	99,909	6.5%
1950 to 1959.....	157	9.2%	14,735	11.8%	223,821	14.6%
1960 to 1969.....	55	3.2%	15,556	12.4%	200,651	13.1%
1970 to 1979.....	239	13.9%	17,311	13.8%	209,518	13.7%
1980 to 1989.....	381	22.2%	16,048	12.8%	193,340	12.6%
1990 to 1999.....	368	21.5%	10,974	8.8%	118,948	7.8%
2000 to 2009.....	210	12.3%	10,640	8.5%	104,310	6.8%
2010 to 2019.....	140	8.2%	4,505	3.6%	61,429	4.0%
Later than 2020.....	0	0.0%	325	0.3%	2,935	0.2%
Total housing units, 2022..	1,714	100.0%	125,334	100.0%	1,531,332	100.0%
Percent Owner Occupied, 2022		88.1%		66.1%		66.2%

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

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HOUSING INVENTORY

Type	Town of Ledyard		Town of Montville		Town of North Stonington	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	5,311	87.3%	5,375	77.1%	2,262	92.2%
1 unit attached.....	204	3.4%	91	1.3%	70	2.9%
2 units.....	39	0.6%	307	4.4%	0	0.0%
4 units.....	215	3.5%	307	4.4%	53	2.2%
5 to 9 units.....	182	3.0%	139	2.0%	0	0.0%
10 to 19 units.....	3	0.0%	156	2.2%	0	0.0%
20 or more units.....	21	0.3%	68	1.0%	0	0.0%
Mobile home, trailer, other..	110	1.8%	532	7.6%	69	2.8%
Total Inventory.....	6,085	100.0%	6,975	100.0%	2,454	100.0%

Type	Town of Ledyard		Town of Montville		Town of North Stonington	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	5,311	87.3%	5,375	77.1%	2,262	92.2%
1 unit attached.....	204	3.4%	91	1.3%	70	2.9%
2 units.....	39	0.6%	307	4.4%	0	0.0%
4 units.....	215	3.5%	307	4.4%	53	2.2%
5 to 9 units.....	182	3.0%	139	2.0%	0	0.0%
10 to 19 units.....	3	0.0%	156	2.2%	0	0.0%
20 or more units.....	21	0.3%	68	1.0%	0	0.0%
Mobile home, trailer, other..	110	1.8%	532	7.6%	69	2.8%
Total Inventory.....	6,085	100.0%	6,975	100.0%	2,454	100.0%

Type	Town of Ledyard		Town of Montville		Town of North Stonington	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	1,501	87.6%	77,780	62.1%	898,891	58.7%
1 unit attached.....	84	4.9%	5,975	4.8%	91,794	6.0%
2 units.....	0	0.0%	9,379	7.5%	120,419	7.9%
4 units.....	9	0.5%	8,873	7.1%	128,942	8.4%
5 to 9 units.....	61	3.6%	7,659	6.1%	78,127	5.1%
10 to 19 units.....	59	3.4%	4,870	3.9%	56,353	3.7%
20 or more units.....	0	0.0%	7,342	5.9%	145,025	9.5%
Mobile home, trailer, other..	0	0.0%	3,456	2.8%	11,781	0.8%
Total Inventory.....	1,714	100.0%	125,334	100.0%	1,531,332	100.0%

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Ledyard		Town of Montville		Town of North Stonington	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	25	0.5%	431	8.1%	47	2.4%
\$50,000 to \$99,999.....	114	2.4%	176	3.3%	20	1.0%
\$100,000 to \$149,999.....	231	4.9%	332	6.2%	20	1.0%
\$150,000 to \$199,999.....	377	8.0%	582	10.9%	250	12.6%
\$200,000 to \$299,999.....	2,155	46.0%	2,418	45.4%	388	19.6%
\$300,000 to \$499,999.....	1,618	34.5%	1,204	22.6%	1,015	51.2%
\$500,000 to \$999,999.....	166	3.5%	168	3.2%	209	10.6%
\$1,000,000 or more.....	0	0.0%	16	0.3%	32	1.6%
Totals.....	4,686	100.0%	5,327	100.0%	1,981	100.0%

2000 Median Sales Price	\$144,300	\$125,600	\$151,400
2019 Median Sales Price	\$235,200	\$201,700	\$295,200
2022 Median Sales Price ²	\$275,500	\$248,400	\$356,300

Specified Owner-Occupied Units	Southeastern CT					
	Town of Salem		Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	44	3.1%	3,101	4.1%	20,646	2.2%
\$50,000 to \$99,999.....	48	3.4%	2,029	2.7%	19,506	2.1%
\$100,000 to \$149,999.....	0	0.0%	5,031	6.7%	46,916	5.0%
\$150,000 to \$199,999.....	38	2.7%	9,445	12.5%	96,168	10.3%
\$200,000 to \$299,999.....	328	23.2%	23,501	31.2%	238,687	25.6%
\$300,000 to \$499,999.....	752	53.3%	23,985	31.9%	307,876	33.0%
\$500,000 to \$999,999.....	202	14.3%	7,158	9.5%	149,216	16.0%
\$1,000,000 or more.....	0	0.0%	1,012	1.3%	53,573	5.7%
Totals.....	1,412	100.0%	75,262	100.0%	932,588	100.0%
2000 Median Sales Price		\$179,100		\$142,200		\$166,900
2019 Median Sales Price		\$288,500		\$241,700		\$275,400
2022 Median Sales Price ²		\$359,200		\$275,900		\$323,700

¹ Median Sales Price, U.S. Department of Commerce, Bureau of Census, 2000.

² Median Sales Price, U.S. Census Bureau, 2018-2022 American Community Survey.

³ Starting with the 2018-2022 American Community Survey data, the area was adjusted to reflect regional planning areas.
Source: U.S. Census Bureau, 2018-2022 American Community Survey.

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IV. FINANCIAL INFORMATION

FISCAL YEAR

The Authority's fiscal year begins July 1 and ends June 30.

BASIS OF ACCOUNTING

Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Please refer to Appendix A "Audited Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Authority's financial activities.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A "Basic Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Authority.

ANNUAL AUDIT

Pursuant to Connecticut law, the Authority is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2023, the examination was conducted by Hoyt Filippetti & Malaghan LLC, certified public accountants of Groton, Connecticut. For fiscal year ended June 30, 2024, the examination is being conducted by Hoyt Filippetti & Malaghan LLC.

PENSION PLANS

Connecticut Municipal Employee's Retirement System

All employees of the Authority participates in the Municipal Employee's Retirement System ("MERS"). This is a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report, which may be obtained at www.ct.gov .

The Authority's required contribution to CMERS is currently 15.85% of its covered payroll. Such contribution was \$78,488 for the year ended June 30, 2024, related to covered payroll of \$495,192 which the Authority paid for such fiscal year.

Actuarial Valuation Date	Actuarially Determined Contribution (ADC)	Annual Contribution	% of ADC Contributed
2019	\$53,877	\$53,877	100%
2020	\$64,512	\$64,512	100%
2021	\$73,111	\$73,111	100%
2022	\$83,054	\$83,054	100%
2023	\$92,421	\$92,421	100%

Please refer to the Authority “Notes to Financial Statements”, Note 7, in “Appendix A” herein for further information on the Authority’s Pension Plans.

OTHER POST-EMPLOYMENT BENEFITS

The Authority does not provide Other Post-Employment Benefits to its retirees.

INVESTMENT PRACTICES

Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Authority is permitted to acquire. Generally, the Authority may invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government and money market mutual funds.

To its knowledge, the Authority’s investment practices are in compliance with the Connecticut General Statutes.

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STATEMENT OF OPERATING INCOME AND EXPENSES
Last Five Years and Current Budget

	Budget 2024-25	Unaudited 2023-24	Actual 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Operating Revenue:							
Sales of Water.....	\$1,969,800	\$1,951,630	\$1,768,727	\$1,673,754	\$1,739,769	\$1,615,692	\$1,524,895
Contract Operations.....	16,500	16,460	1,718	1,503	2,328	3,803	2,563
Other Income.....	9,200	5,000	0	0	10,207	17,669	0
Total Operating Revenues.....	\$1,995,500	\$1,973,090	\$1,770,445	\$1,675,257	\$1,752,304	\$1,637,164	\$1,527,458
Operating Expenses							
Operations.....	\$1,061,100	\$994,035	\$1,011,852	\$863,984	\$1,005,316	\$989,778	\$895,917
Administration.....	231,400	224,875	189,376	180,994	263,555	258,061	258,498
Employee Benefits.....	258,000	274,500	333,255	284,383	261,987	213,997	228,701
Professional Services.....	132,200	141,400	153,000	119,109	0	0	0
Depreciation ¹	238,000	258,000	275,941	273,742	244,531	249,635	260,006
Interest.....	0	0	0	0	0	0	0
Taxes.....	41,800	44,700	43,840	42,783	41,629	40,189	39,400
Total operating Expenses.....	\$1,962,500	\$1,937,510	\$2,007,264	\$1,764,995	\$1,817,018	\$1,751,660	\$1,682,522
Operating Results.....	\$33,000	\$35,580	(\$236,819)	(\$89,738)	(\$64,714)	(\$114,496)	(\$155,064)
Other Income (Loss).....	\$0	\$0	\$281,106³	\$411,834²	\$58	\$436	\$1,676
Income (Loss) before							
Interest Charges.....	\$33,000	\$35,580	\$44,287	\$322,096	(\$64,656)	(\$114,060)	(\$153,388)
Interest Charges.....	\$0	\$0	\$2,761	(\$27,978)	(\$21,190)	(\$31,433)	(\$38,741)
Net Income (Loss).....	\$33,000	\$35,580	\$47,048	\$294,118	(\$85,846)	(\$145,493)	(\$192,129)

¹ Includes debt service payments.

² Includes capital contributions of \$409,810.

³ Includes capital contributions of \$313,695.

Source: Audited Financial Statements 2019-2023; Unaudited Financial Statement 2024; Budget 2025.

WATER RATES

The Authority has statutory authority to set fees and rates as necessary. The Authority’s enabling legislation designates the Representative Advisory Board (the “Board”) to serve in an advisory role. The Representative Advisory Board is the entity that conducts a public hearing on proposed changes in rates, and subsequently offers advice/comments on the proposed rates. The rates review procedure is described below:

Prior to adopting new service rates or changing any existing rates the Authority, through its members, will notify the Board. The Board will conduct a public hearing on the proposed rates and forward any advice or comments to the Authority, in accordance with the following rate review procedure:

1. The Authority notifies the Board of its intention to adopt new service rates or to change any existing rates.
2. The Board will call a public hearing on the proposed rates, within thirty (30) days, with notice of the time and place of the public hearing published in a newspaper having a substantial circulation in the affected area, at least once, not more than 14 days, nor less than 5 days prior to the public hearing. The Authority will assist the Board with administrative aspects of noticing and advertising the public hearing. The Board chairman will preside over the public hearing.

3. The Board Finance Committee will work with the Board officers, especially its chairman, in reviewing the proposed rates and reporting to the full Board.
4. The Board will address the proposed rates as the subject of a Special Meeting and/or as an agenda item at a regular meeting.
5. Within 90 days of receipt of the proposed rates and following the public hearing, the Board shall forward to the Authority any advice or comments on the proposed rates. Such advice or comments may include a formal statement resulting from action taken by the Board.
6. Failure of the Board to act within 90 days of receipt of the Authority's proposed rates shall constitute concurrence in the proposed rates.

The foregoing procedures are not required by the Act or any other State statute but rather have been followed by the Authority and the Board for approximately thirty years.

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SOUTHEASTERN CONNECTICUT WATER AUTHORITY HISTORY OF RESIDENTIAL RATES

Fiscal Year	Per Qtr. Minimum	Cost per		Gross Per 18,000	CPI	
		Thousand 3,000	Net Cost Per 18,000			
FY 77	10.29	1.44	30.30	31.89	170.1	¹
FY 80	10.56	1.48	31.12	32.76	216.9	¹
FY 81	11.31	1.58	33.26	35.01	247.8	¹
FY 82	12.09	1.69	35.57	37.44	271.4	¹
FY 83	12.93	1.83	38.36	40.38	290.1	¹
FY 84	18.30	1.92	44.75	47.10	297.2	¹
FY 85	19.22	2.02	47.04	49.52	306.2	¹
FY 86	20.18	2.12	49.38	51.98	318.7	¹
FY 89	21.94	2.23	52.62	55.39	347.6	¹
FY 90	22.25	2.34	54.48	57.35	365.9	¹
FY 91	24.48	2.57	59.88	63.03	382.1	¹
FY 92	26.93	2.83	65.91	69.38	399.6	¹
FY 93	27.79	2.92	68.01	71.59	411.4	¹
FY 94	29.46	3.10	72.16	75.96	417.8	¹
FY 95 ³	31.23	3.29	76.55	80.58	433.2	¹
FY 99 ³	32.01	3.37	78.43	82.56	479.7	¹
FY 02	33.13	3.49	81.21	85.48	520.0	¹
FY 05 ³	34.46	3.63	84.46	88.91	551.9	¹
FY 06 ³	36.53	3.85	89.57	94.28	566.2	¹
FY 07 ³	37.63	3.97	92.32	97.18	590.5	¹
FY 10	49.75	5.24	121.93	128.35	170.7	²
FY 11	54.48	5.74	133.55	140.58	400.0	²
FY 12	57.20	6.03	140.27	147.65	426.9	²
FY 13	61.87	6.52	151.69	159.67	448.2	²
FY 16	64.96	6.85	159.32	167.71	513.4	²
FY 18	68.21	7.19	167.26	176.06	549.5	²
FY 20	71.62	7.55	175.63	184.87	583.2	²
FY 21	71.62	7.93	181.04	190.57	743.3	²
FY 23	75.20	8.33	190.10	200.10	857.9	²
FY 24	78.96	8.75	199.60	210.21	911.0	^{2,4}

¹ Consumer Price Index: 1967 = 100; June 30 of each year.

² Consumer Price Index: 1997 = 100; June 30 of each year.

³ Effective January 1 (One-half year).

⁴ FY 2025 rates are the same as for FY 2024.

Explanation of “Net” and “Gross” amounts: Bills are mailed every three months. At the bottom of the bill, there are two boxes entitled “Net Bill” and “Gross Bill”. A 5% discount is allowed if the bill is paid on or before the due date. This discounted amount due is the “Net Bill”. All customers have the opportunity to pay the net amount, and the vast majority do so.

Note: Fiscal year listed correspond to the years when the rate increases occurred. The rates remained constant during the years not listed.

V. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of October 2, 2024
(Pro Forma)

Long-Term Debt: Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 10/2/2024</u>	<u>Fiscal Year Maturity</u>
GO Bonds					
3/9/2007	General Obligation Bonds.....	3.75-4.375	\$ 1,530,000	\$ 190,000	2027
	Total.....		\$ 1,530,000	\$ 190,000	
DWSRF Loans					
10/26/2012	DWSRF Loan 2012-7009.....	2.00	158,059	69,782	2032
9/15/2014	DWSRF Loan 2013-9014.....	2.00	15,771	7,930	2033
9/15/2014	DWSRF Loan 2013-9023.....	2.00	11,601	5,833	2033
4/30/2018	DWSRF Loan 2017-9056-8.....	2.00	157,020	55,245	2028
	Total.....		\$ 342,451	\$ 138,789	
	Total Long Term Debt.....		\$ 1,872,451	\$ 328,789	

Short-Term Debt:

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Paydown/ Grants</u>	<u>Notes Maturing 10/2/2024</u>	<u>Notes This Issue Due 10/1/2025</u>	<u>Renewable Limit</u>
Various Capital Improvement Projects..	\$ 1,500,000	\$ -	\$ -	\$ 380,000	\$ 405,000	10/15/2025
Total.....	\$ 1,500,000	\$ -	\$ -	\$ 380,000	\$ 405,000	

Leases:

The Authority has various equipment leases as reflected below:

Leases Payable as of October 2, 2024 (principal only):

FY 2025	\$ 26,948
FY 2026	14,859
FY 2027	6,241
FY 2028	6,371
FY 2029 and thereafter	<u>87,661</u>
	\$ 142,080

DRINKING WATER STATE REVOLVING FUND PROGRAM

The Authority participates in the State of Connecticut Drinking Water State Revolving Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended), which provides financial assistance through loans bearing interest at rates ranging from 2% to 3% per annum and grants.

Loans and grants are made pursuant to a Project Loan and Subsidy Agreement. Each municipality is obligated to repay only that amount that is drawn down for the payment of project costs ("Loan Agreement"). Each municipality must deliver to the

State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

COMBINED ANNUAL BONDED DEBT MATURITY SCHEDULE ^{1,2}

As of October 2, 2024

(Pro Forma)

Fiscal Year Ending 30-Jun	General Obligation Bonds			Percent Retired
	Principal	Interest	Total	
2025	\$ 20,195	5,866	\$ 26,062	6.14%
2026	122,402	8,000	130,402	43.37%
2027	122,956	3,528	126,483	80.77%
2028	17,956	1,057	19,013	86.23%
2029	10,698	808	11,505	89.48%
2030	10,913	592	11,505	92.80%
2031	11,134	372	11,505	96.19%
2032	11,358	147	11,505	99.64%
2033	1,176	9	1,185	100.00%
Total	\$ 328,789	\$ 20,378	\$ 349,168	

¹ Excludes capital lease obligations.

² Excludes principal of \$102,664.83 and \$6,594.32 in interest payments made in the current Fiscal Year 2024-25.

GENERAL OBLIGATION ANNUAL BONDED DEBT MATURITY SCHEDULE ^{1,2}

As of October 2, 2024

(Pro Forma)

Fiscal Year Ending 30-Jun	General Obligation Bonds			Percent Retired
	Principal	Interest	Total	
2025	\$ -	\$ 3,919	\$ 3,919	0.00%
2026	95,000	5,878	100,878	50.00%
2027	95,000	1,959	96,959	100.00%
Total	\$ 190,000	\$ 11,756	\$ 201,756	

¹ Excludes capital lease obligations, and Drinking Water Fund loans.

² Includes principal of \$95,000 and \$5,878.13 in interest payments made in the current Fiscal Year 2024-25.

DWSRF ANNUAL BONDED DEBT MATURITY SCHEDULE ^{1,2}

As of October 2, 2024

(Pro Forma)

Fiscal Year Ending 30-Jun	Drinking Water Fund Loans			Percent Retired
	Principal	Interest	Total	
2025	\$ 20,195	\$ 1,948	\$ 22,143	14.55%
2026	27,402	2,122	29,524	34.30%
2027	27,956	1,569	29,524	54.44%
2028	17,956	1,057	19,013	67.38%
2029	10,698	808	11,505	75.08%
2030	10,913	592	11,505	82.95%
2031	11,134	372	11,505	90.97%
2032	11,358	147	11,505	99.15%
2033	1,176	9	1,185	100.00%
Total	\$ 138,789	\$ 8,622	\$ 147,411	

¹ Excludes capital lease obligations and general obligations debt.

² Includes principal of \$7,664.83 and \$716.19 in interest payments made in the current Fiscal Year 2024-25.

BOND AUTHORIZATION

The Authority has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the procedural requirements of Special Act 381. The issuance of bonds and notes is authorized by the seven-member Southeastern Connecticut Water Authority governing board.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT ¹

Long-Term Debt	2024 Est.	2023	2022	2021	2020	2019
Bonds.....	\$285,000	\$380,000	\$475,000	\$570,000	\$665,000	\$760,000
Drinking Water Fund Loans...	150,454	176,782	197,721	225,537	250,334	272,099
Short-Term Debt						
Bond Anticipation Notes.....	380,000	285,000	270,000	175,000	0	0
Totals.....	\$815,454	\$841,782	\$942,721	\$970,537	\$915,334	\$1,032,099

¹ Excludes capital lease obligations.

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RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL FUND EXPENDITURES AND TRANSFERS OUT

<u>Fiscal Year</u>	<u>General Fund Expenditures & Transfers Out</u>	<u>Total Debt Service Payments</u>	<u>Ratio of Fund Debt Service to Total Fund Expenditures</u>
2025 ¹	1,962,500	238,000	12.1 %
2024 ²	1,937,510	258,000	13.3
2023	2,007,264	275,941	13.7
2022	1,764,995	273,742	15.5
2021	1,817,018	244,531	13.5
2020	1,751,660	249,635	14.3
2019	1,682,522	260,006	15.5

¹ Adopted budget 2024-25.

² Unaudited estimates 2023-24.

THE AUTHORITY HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

VI. MISCELLANEOUS

LITIGATION

In the course of its representation of the Authority's activities, Suisman Shapiro has not become aware and has not been made aware of any pending or threatened litigation, claims or assessments against the Authority, which, if settled against the Authority, would result in a material and adverse effect on the Authority's finances.

MUNICIPAL ADVISOR

The Authority has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes, and receipt by the Authority of payment therefor. The Authority may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regards to the investment of Note proceeds.

CLOSING DOCUMENTS

Upon the delivery of the Notes, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery of the Notes no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay the principal of and interest on the Notes.
2. A Certificate on behalf of the Authority signed by the Chairman and Treasurer, which will be dated the date of delivery and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted, the descriptions and statements in the Official Statement relating to the Authority and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Authority from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Notes.
4. The approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendix B.
5. The Authority has prepared a Preliminary Official Statement for the Note issue which is dated August 30, 2024. The Authority deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(i), but it is subject to revision or amendment. The Authority will make available to the winning bidder of the Notes a reasonable number of copies of the Official Statement at the Authority's expense within seven business days of the bid opening.

CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchaser or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

This Official Statement has been duly prepared and delivered by the Authority, and executed for and on behalf of the Authority by the following officials:

SOUTHEASTERN CONNECTICUT WATER AUTHORITY

Harry Watson, *Chairman*

Paul B. Eccard, *Treasurer*

Joseph Cansler, *General Manager*

September __, 2024

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Appendix A - Basic Financial Statements - is taken from the Financial Statements of the Southeastern Connecticut Water Authority for the Fiscal Year ended June 30, 2023 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the General Manager, Southeastern Connecticut Water Authority, Gales Ferry, Connecticut.

INDEPENDENT AUDITORS' REPORT

To the Board of Authority of
Southeastern Connecticut Water Authority
Gales Ferry, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Southeastern Connecticut Water Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. 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 Authority and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 on pages 6-10, and the pension information on pages 28-29 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 auditing standards generally accepted in the United States of America, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut

December 12, 2023

**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***

To the Board of Authority
Southeastern Connecticut Water Authority
Gales Ferry, 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 Southeastern Connecticut Water Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 12, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

December 12, 2023

**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of the Southeastern Connecticut Water Authority’s (the “Authority”) financial performance provides an overview of the Authority’s financial activities for the fiscal year ended June 30, 2023; as such, it should be read in conjunction with the Authority’s audited financial statements. The Authority is a special-purpose government engaged only in business-type activities. As such, the Authority’s financials consist only of the following statements required for enterprise funds as its basic financial statements:

- 1) Statement of Net Position
- 2) Statement of Revenues, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows

These statements present a long-term view of the Authority’s finances by presenting all assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses on the *accrual basis of accounting*, which is similar to the accounting methods used by many private-sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by \$6,140,794 at June 30, 2023.
- The Authority reported an operating loss of \$236,819 as operating costs exceeded billings for water during the year.
- The Authority recognized a total of \$313,695 in capital contributions for the year ended June 30, 2023 as it received various water distribution capital assets from a developer.

**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CONDENSED FINANCIAL STATEMENTS

Presented below are condensed versions of the statement of net position and the statement of revenues, expenses, and changes in net position.

Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 1,004,157	\$ 1,201,884	\$ (197,727)
Capital assets, net	<u>7,152,190</u>	<u>6,939,834</u>	<u>212,356</u>
Total assets	8,156,347	8,141,718	14,629
Deferred outflows of resources	<u>280,355</u>	<u>188,798</u>	<u>91,557</u>
Total assets and deferred outflows of resources	<u>\$ 8,436,702</u>	<u>\$ 8,330,516</u>	<u>\$ 106,186</u>
Current liabilities	\$ 808,102	\$ 764,041	\$ 44,061
Noncurrent liabilities	<u>1,441,988</u>	<u>1,207,041</u>	<u>234,947</u>
Total liabilities	2,250,090	1,971,082	279,008
Deferred inflows of resources	45,818	265,688	(219,870)
Net position			
Invested in capital assets, net of related debt	6,141,544	5,801,627	339,917
Unrestricted	<u>(750)</u>	<u>292,119</u>	<u>(292,869)</u>
Total net position	<u>6,140,794</u>	<u>6,093,746</u>	<u>47,048</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,436,702</u>	<u>\$ 8,330,516</u>	<u>\$ 106,186</u>

Current assets *decreased* primarily due to a *decrease* in unrestricted cash and cash equivalents at year end. Capital assets included in noncurrent assets *increased* primarily from the capital contributions received in the current year.

During the fiscal year, the Authority's net pension liability *increased*, causing an *increase* in non-current liabilities while at the same time causing a *decrease* in pension-related deferred inflows of resources.

Significant capital outlays (>\$1,000) are being recorded as Authority capital assets and are being depreciated or amortized over their estimated useful lives. Capital assets presented here are shown net of their accumulated depreciation and amortization.

Net position has been separated into two categories on the Authority's financial statements: 1) Invested in capital assets and 2) Unrestricted net position. Because capital assets are not very liquid (i.e. easily converted to cash), the Authority's equity in these assets has been separated and labeled as such. Unrestricted net position, however, represents the liquid portion of the Authority's net position that can be used to finance daily operations without constraints.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CONDENSED FINANCIAL STATEMENTS (Continued)

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Revenues			
Operating revenues			
Sales of water	\$ 1,768,727	\$ 1,673,754	\$ 94,973
Contract operations	1,718	1,503	215
Total operating revenues	<u>1,770,445</u>	<u>1,675,257</u>	<u>95,188</u>
Operating expenses			
Source of supply	19,766	20,080	(314)
Pumping	354,682	328,381	26,301
Treatment	255,289	190,502	64,787
Distribution	227,750	175,114	52,636
Customer accounts	94,104	84,570	9,534
Other operating expenses	60,261	65,337	(5,076)
Administrative salaries	142,441	139,322	3,119
Office expenses	46,935	41,672	5,263
Professional services	153,000	119,109	33,891
Employee benefits	333,255	284,383	48,872
Depreciation and amortization	275,941	273,742	2,199
Taxes	43,840	42,783	1,057
Total operating expenses	<u>2,007,264</u>	<u>1,764,995</u>	<u>242,269</u>
Non operating revenues (expenses)			
Interest income	2,761	207	2,554
(Loss) gain on sale of capital asset	(8,825)	1,817	(10,642)
Interest expense	(23,764)	(27,978)	4,214
Total non operating revenues (expenses)	<u>(29,828)</u>	<u>(25,954)</u>	<u>(3,874)</u>
Capital contributions	<u>313,695</u>	<u>409,810</u>	<u>(96,115)</u>
Change in net position	47,048	294,118	(247,070)
Net position,			
Beginning of year	<u>6,093,746</u>	<u>5,799,628</u>	<u>294,118</u>
End of year	<u>\$ 6,140,794</u>	<u>\$ 6,093,746</u>	<u>\$ 47,048</u>

The capital contributions recognized of \$313,695 turned an operating *loss* for the year into an *increase* in net position for the year ended June, 30, 2023.

**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the Authority had over \$13 million invested in different capital assets, including land, construction in progress, water permits and distribution systems, machinery and equipment, vehicles, right to use assets, and various miscellaneous intangibles (see below).

Land	\$	38,848
Construction in progress		198,479
Water diversion permits		161,112
Water distribution system		12,263,365
Machinery and equipment		196,948
Vehicles		209,004
Right to use - leased assets		221,950
Other intangible assets		124,717
Total		<u><u>\$ 13,414,423</u></u>

Capital asset additions consisted of purchases of \$183,427 and capital contributions of \$313,695. Additional information on the Authority's capital assets can be found in *Note 4* to the financial statements.

Noncurrent Liabilities

At June 30, 2023, the Authority had the following loans and bonds payable outstanding:

<u>Purpose</u>	<u>Rate (%)</u>	<u>Original Issue</u>	<u>Debt Outstanding</u>	<u>Year of Maturity</u>
Capital improvement bond	4.50%	\$ 1,530,000	\$ 380,000	FY27
Bond anticipation note	4.00%	285,000	285,000	FY24
Water revolving loan	2.00%	158,059	80,732	FY32
Water revolving loan	2.00%	15,771	9,134	FY33
Water revolving loan	2.00%	11,601	6,720	FY33
Water revolving loan	2.00%	157,020	80,196	FY28
Total loans and bonds		<u>\$2,157,451</u>	<u>\$ 841,782</u>	

The Authority's noncurrent liabilities also consisted of leases payable, compensated absences, and a net pension liability. Additional information on the Authority's noncurrent liabilities can be found in *Note 5* to the financial statements.

NEXT YEAR'S BUDGET

The Southeastern Connecticut Water Authority adopted its 2023-2024 fiscal year budget with an assumed 5% increase overall in customer rates resulting in a total of \$1,999,600 of expected revenues. Total expenses for the 2023-2024 fiscal year have been budgeted at \$1,976,780, leaving an expected surplus for the year of \$22,820.

**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager at Southeastern Connecticut Water Authority, P.O. Box 415, Gales Ferry, CT 06339.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and cash equivalents	\$ 242,830
Restricted cash and cash equivalents	311,273
Receivables	391,282
Prepaid expenses	58,349
Total current assets	1,003,734
 NONCURRENT ASSETS	
Security deposit	423
Capital assets, non-depreciable	237,327
Capital assets, net of accumulated depreciation and amortization	6,914,863
Total noncurrent assets	7,152,613
Total assets	8,156,347
 DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after the measurement date	92,421
Change in proportional share of pension	8,662
Net difference between projected and actual investment earnings on pension	118,682
Difference between expected and actual pension experience	60,590
Total deferred outflows of resources	280,355
Total assets and deferred outflows of resources	\$ 8,436,702

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 39,638
Accrued interest	5,225
Accrued expenses - other	12,397
Escrow deposits	311,273
Total current liabilities	368,533
 NONCURRENT LIABILITIES	
Due within one year	439,569
Due in more than one year	1,441,988
Total noncurrent liabilities	1,881,557
Total liabilities	2,250,090
 DEFERRED INFLOWS OF RESOURCES	
Change in proportional share of pension	11,782
Difference between expected and actual pension experience	34,036
Total deferred inflows of resources	45,818
 NET POSITION	
Invested in capital assets, net of related debt	6,141,544
Unrestricted	(750)
Total net position	6,140,794
Total liabilities, deferred inflows of resources, and net position	\$ 8,436,702

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Sales of water	\$ 1,768,727
Contract operations	1,718
Total operating revenues	1,770,445
OPERATING EXPENSES	
Source of supply	19,766
Pumping	354,682
Treatment	255,289
Distribution	227,750
Customer accounts	94,104
Other operating expenses	60,261
Administrative salaries	142,441
Office expenses	46,935
Professional services	153,000
Employee benefits	333,255
Depreciation and amortization	275,941
Taxes	43,840
Total operating expenses	2,007,264
Operating loss	(236,819)
NON OPERATING REVENUES (EXPENSE)	
Interest income	2,761
Loss on disposal of capital asset	(8,825)
Interest expense	(23,764)
Total non operating revenue (expense)	(29,828)
Loss before capital contributions	(266,647)
CAPITAL CONTRIBUTIONS	313,695
Change in net position	47,048
NET POSITION, beginning of year	6,093,746
NET POSITION, end of year	\$ 6,140,794

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,774,773
Payments to suppliers	(926,284)
Payments to employees including benefits	(758,758)
Net cash provided by operating activities	<u>89,731</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(183,427)
Proceeds from bond anticipation note	285,000
Bond and note principal payments	(385,939)
Lease principal payments	(26,622)
Interest paid on capital debt	(26,039)
Net cash used in capital and related financing activities	<u>(337,027)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>2,761</u>
Net cash provided by investing activities	2,761
Net decrease in cash and cash equivalents	(244,535)
CASH AND CASH EQUIVALENTS AND	
RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	<u>798,638</u>
CASH AND CASH EQUIVALENTS AND	
RESTRICTED CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 554,103</u></u>
RECONCILIATION OF OPERATING LOSS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (236,819)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization expense	275,941
Change in receivables	(17,258)
Change in prepaid expenses	(29,550)
Change in deferred outflows of resources - pension amounts	(91,557)
Change in accounts payable	14,370
Change in accrued expenses -other	(5,224)
Change in escrow accounts	21,586
Change in deferred inflows of resources - pension amounts	(219,870)
Change in net pension liability	378,894
Change in compensated absences	(782)
Net cash provided by operating activities	<u><u>\$ 89,731</u></u>
STATEMENT OF NET POSITION DETAIL:	
Cash and cash equivalents	\$ 242,830
Restricted cash and cash equivalents	<u>311,273</u>
	<u><u>\$ 554,103</u></u>

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southeastern Connecticut Water Authority (the “Authority”) was created in 1967 by the General Assembly as a public purpose governmental organization. The Authority exists to plan, operate, maintain, and construct water supply systems, as needed, for the 18 southeastern Connecticut regional authorities of Bozrah, Colchester, East Lyme, Franklin, Griswold, Groton, Ledyard, Lisbon, Montville, New London, North Stonington, Norwich, Preston, Salem, Sprague, Stonington, Voluntown, and Waterford, and the three boroughs of Jewett City, Stonington, and the City of Groton. Appointed representatives from each municipality comprise the Authority’s Representative Advisory Board.

The Authority’s mission is to provide southeastern Connecticut with an ample supply of good quality drinking water at a reasonable cost. The direct mission is carried out through the 15 public water supply systems that the Authority owns and operates. The Authority promotes regional consideration of public water supply issues.

Special Act No. 04-2, approved on May 4, 2004, extended the period from 2016 to 2045 during which the State of Connecticut may guarantee Authority loans for up to a total of fifteen million dollars.

The Authority’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Authority are discussed below.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The Authority is a special purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. With this measurement focus, all assets and all liabilities associated with the operation are included on the Statement of Net Position.

Operating revenues and expenses, which are distinguished from non-operating items, generally result from producing and delivering water supply services. The principal operating revenues are derived from charges to customers for water use. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2022 amounts in order to conform the 2023 presentation.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are defined as highly liquid instruments with an original maturity of three months or less.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in *Note 2*.

ACCOUNTS RECEIVABLE

User charges and other receivables include amounts due from individuals, commercial and industrial customers, and other governments for services provided by the Authority. Receivables are recorded and revenues recognized as earned. Receivables are charged to bad debt expense when they are determined to be uncollectible based on periodic review of the accounts by Management. There was no allowance for uncollectible receivables as of June 30, 2023.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more and an estimated useful life in excess of two years are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Intangible assets are assets that lack physical substance, are nonfinancial in nature, and their useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets, such as lease assets, are amortized over the shorter of their useful life or the related lease term.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives (expressed in years):

Water diversion permits	24
Supply and distribution mains	80
Pump structures	40-50
Pumping equipment	15
Treatment equipment	25
Wells and fences	20
Office furniture and equipment:	
General	16.5
Radios	10
Computers and miscellaneous	8
Computer software	5
Tools and equipment	10
Transportation equipment	5
Organization and engineering	20

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 the consumption of net position that applies to a future period and so it will not be recognized as an expense or expenditure until then. For the year ended June 30, 2023, the Authority had deferred outflows in conjunction with its participation in the Connecticut Municipal Employees Retirement Fund (“MERS”), a defined benefit pension plan. 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 position that applies to a future period and so it will not be recognized as revenue until then. For the year ended June 30, 2023, the Authority had deferred inflows in connection with its participation with MERS.

COMPENSATED ABSENCES

Employees of the Authority earn vacation leave, which can accumulate, based on the provisions of negotiated contracts or other personnel policies. Vacation leave vests with the employee and is payable upon termination of employment. Compensated absences are reported as noncurrent liabilities in the statement of net position.

LONG-TERM LIABILITIES

Long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET PENSION LIABILITY IN THE MUNICIPAL EMPLOYEE RETIREMENT SYSTEM (MERS)

The net pension liability represents the Authority's proportionate share of the net pension liability of the Connecticut Municipal Employees Retirement System (MERS). The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

NET POSITION

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category represents constraints placed on net position used which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority has no funding in this category.

Unrestricted Net Position – This category represents the net position of the Authority, which is not restricted for any project or other purpose.

INCOME TAXES

The Authority has been determined to be a municipal agency since its creation and, accordingly, is classified under Section 115(1) of the Internal Revenue Code, which provides that gross taxable income does not include income derived from any public utility and accruing to a state or any political subdivision. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2023, the following accounting pronouncements became effective and the Authority implemented such pronouncements, where applicable:

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement 99, Omnibus 2022. This statement address both select practice issues that have been identified during implementation and accounting and financial reporting for financial guarantees.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 12, 2023, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

NOTE 2 – CASH AND CASH EQUIVALENTS

The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository which has its main place of business in the State of Connecticut.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or in obligations of any state or other tax exempt political subdivision under certain conditions. Funds may also be deposited in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF).

The STIF is a money market investment pool managed by a division of the State of Connecticut's Treasurer's Office. Investments must be made in instruments authorized by the State's CGS using guidelines adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares and investments held by the fund and are stated at amortized cost. STIF is rated by Standard & Poor's at AAAm, its highest rating for money funds and investment pools.

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and State of Connecticut Treasurer's Short-Term Investment Fund. Restricted cash includes cash and cash equivalents which are restricted for the Thames River Interconnection agreement as discussed in *Note 3*.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority maintains cash with FDIC depository banks. Additional protection against loss is provided for deposits in excess of federally insured amounts by Chapter 656 of the Connecticut General Statutes. The Statutes require that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio. Such amounts are available to the State Banking Commissioner to meet losses in excess of deposit insurance for public deposits made in a qualified public depository. The Authority's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Authority does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Authority follows the limitations specified in the Connecticut General Statutes. Generally, the Authority's deposits cannot be 75% or more of the total capital of any one depository.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

The following is a summary of the carrying amount of cash and cash equivalents at June 30, 2023:

	Unrestricted	Restricted	Total
Cash			
Deposits with financial institutions	\$ 169,833	\$ 113,624	\$ 283,457
Cash equivalents			
Connecticut Short-Term Investment Fund	72,997	197,649	270,646
	\$ 242,830	\$ 311,273	\$ 554,103

The following is a summary of the bank balance of cash at June 30, 2023:

Covered by Federal Depository Insurance	\$ 280,435
Collateralized	4,551
Uninsured and uncollateralized	40,956
	\$ 325,942

NOTE 3 – RESTRICTED CASH AND CASH EQUIVALENTS

At June 30, 2023, restricted cash and cash equivalents totaling \$311,273 consist of monies escrowed for specific purposes as outlined in agreements maintained by the Authority with third parties.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

Changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 38,848	\$ -	\$ -	\$ 38,848
Construction in progress	198,479	-	-	198,479
Total capital assets, not being depreciated	<u>237,327</u>	<u>-</u>	<u>-</u>	<u>237,327</u>
Capital assets, being depreciated and amortized				
Water diversion permits	161,112	-	-	161,112
Water distribution system	11,841,003	432,862	(10,500)	12,263,365
Machinery and equipment	176,948	20,000	-	196,948
Vehicles	164,744	44,260	-	209,004
Right to use - Leased assets	221,950	-	-	221,950
Other intangible assets	124,717	-	-	124,717
Total capital assets, being depreciated and amortized	<u>12,690,474</u>	<u>497,122</u>	<u>(10,500)</u>	<u>13,177,096</u>
Less: accumulated depreciation and amortization				
Water diversion permits	91,908	6,700	-	98,608
Water distribution system	5,554,955	220,316	(1,675)	5,773,596
Machinery and equipment	165,365	7,440	-	172,805
Vehicles	141,777	7,523	-	149,300
Right to use - Leased assets	27,726	27,726	-	55,452
Other intangible assets	6,236	6,236	-	12,472
Total accumulated depreciation and amortization	<u>5,987,967</u>	<u>275,941</u>	<u>(1,675)</u>	<u>6,262,233</u>
Depreciable assets, net	<u>6,702,507</u>	<u>221,181</u>	<u>(8,825)</u>	<u>6,914,863</u>
Capital assets, net	<u>\$ 6,939,834</u>	<u>\$ 221,181</u>	<u>\$ (8,825)</u>	<u>\$ 7,152,190</u>

A total of \$313,695 of the capital additions for water distribution system were non-cash donations from a developer and are reported as capital contributions on the statement of revenues, expenses, and changes in net position.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – NONCURRENT LIABILITIES

A summary of noncurrent liabilities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Direct borrowings and direct placements					
Capital improvement bond	\$ 475,000	\$ -	\$ (95,000)	\$ 380,000	\$ 95,000
Bond anticipation notes (2)	270,000	285,000	(270,000)	285,000	285,000
Drinking water state notes (4)	197,721	-	(20,939)	176,782	26,328
Other noncurrent liabilities					
Leases payable (<i>Note 6</i>)	195,486	-	(26,622)	168,864	26,784
Compensated absences	65,356	-	(782)	64,574	6,457
Net pension liability	427,443	378,894	-	806,337	-
	<u>\$ 1,631,006</u>	<u>\$ 663,894</u>	<u>\$ (413,343)</u>	<u>\$ 1,881,557</u>	<u>\$ 439,569</u>

All debt is secured by full faith and credit of the Authority.

Direct borrowings and direct placements – During the year ended, the Authority incurred a new bond anticipation note related for construction projects and retired an existing bond anticipation note related to construction projects. As of June 30, 2023, the Authority had one (1) bond anticipation note outstanding. The Authority also had one (1) capital improvement bond outstanding and four (4) drinking water state revolving loan fund notes. A summary of direct borrowings and direct placements outstanding as of June 30, 2023 is as follows:

	Year of Issue	Original Amount	Year of Maturity	Interest Rate	Amount Outstanding
Capital improvement bond	2007	\$ 1,530,000	2027	4.50%	\$ 380,000
Bond anticipation notes:					
Bond anticipation note 2021	2021	270,000	2022	1.00%	-
Bond anticipation note 2022	2022	285,000	2023	4.00%	<u>285,000</u>
Total bond anticipation notes					285,000
Drinking water state notes:					
Revolving loan fund note 2012	2012	158,059	2032	2.00%	80,732
Revolving loan fund note 2014	2014	15,771	2033	2.00%	9,134
Revolving loan fund note 2014	2014	11,601	2033	2.00%	6,720
Revolving loan fund note 2018	2018	157,020	2027	2.00%	<u>80,196</u>
Total drinking water state notes					<u>176,782</u>
					<u>\$ 841,782</u>

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – NONCURRENT LIABILITIES (Continued)

Future maturities of principal and interest on bonds and notes are as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 406,328	\$ 29,560	\$ 435,888
2025	121,859	13,354	135,213
2026	122,401	8,537	130,938
2027	122,953	3,710	126,663
2028	22,042	1,060	23,102
2029 and thereafter	46,199	1,942	48,141
	<u>\$ 841,782</u>	<u>\$ 58,163</u>	<u>\$ 899,945</u>

NOTE 6 – LEASES PAYABLE

The Authority leases office space and land for separate terms under long-term non-cancelable lease agreements, the longest of which ends in 2040.

During the fiscal year ended June 30, 2023, the Authority made lease payments totaling \$29,269 of which \$26,622 was a reduction in the lease liability and \$2,647 was interest. As of June 30, 2023, future minimum lease payments (annualized) are as follows:

Year ending June 30:	Lease Liability	Interest Portion	Total Payments
2024	\$ 26,784	\$ 2,485	\$ 29,269
2025	26,948	2,321	29,269
2026	14,859	2,160	17,019
2027	6,241	2,028	8,269
2028	6,371	1,898	8,269
2029 and thereafter	87,661	10,752	98,413
	<u>\$ 168,864</u>	<u>\$ 21,644</u>	<u>\$ 190,508</u>

At June 30, 2023, the right-to-use leased assets consisted of the following:

Asset Class	Cost	Accumulated Amortization	Net Carrying Balance
Office Building	\$ 92,334	\$ 41,812	\$ 50,522
Land	129,616	13,640	115,976
	<u>\$ 221,950</u>	<u>\$ 55,452</u>	<u>\$ 166,498</u>

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – PENSION PLAN

Connecticut Municipal Employee’s Retirement System

Plan Description

The Authority participates in the Municipal Employees’ Retirement System (“MERS”). This is a cost sharing multiple employer public employee retirement system (“PERS”) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. The plan was established in 1947 and is governed by Connecticut General Statutes Title 7, Chapter 113.

Plan Membership

Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate for one or more of its departments, including elective officers. Only teachers who are covered under the Connecticut State Teachers’ Retirement System are ineligible.

Plan Benefits

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are paid to disabled members and to non-disabled retirement benefit recipients and vary based on member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3.0% and 5.0% are paid to those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are paid to those who have not yet reached age 65. For members that retired after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of final compensation times years of service
- If covered by Social Security: 1.5% of the average final compensation not in excess of the year’s breakpoint plus 2% of average final compensation in excess of the year’s breakpoint, times years of service.

Funding Policy

Covered employees are required by State Statute to contribute 3.25% of earnings upon which social security tax is paid plus 6% of earnings on which no social security tax is paid. Employees not covered by Social Security are required to contribute 6% of all earnings. Each participating municipality is required by State Statute to contribute the amounts necessary to finance the remaining costs of the plan. The annual contribution consists of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the MERS not met by member contributions.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – PENSION PLAN (Continued)

Funding Policy (Continued)

Each covered municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by Social Security versus those not covered by Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit’s date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit’s date of participation and other factors. The required employer contribution rates for the year ended June 30, 2023 were:

General employees	
With social security	17.55%
Without social security	21.58%
Police and fire	
With social security	23.11%
Without social security	24.82%

The total amount contributed by the Authority for the fiscal year ended June 30, 2023 was \$92,421.

Obtaining a Report of the Plan

MERS is considered to be a part of the State of Connecticut’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. The reports include information on the plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. More information can be obtained by contacting the Municipal Employees’ Retirement System - Fund B, Office of the State Comptroller or on their website (<http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html>).

The Authority’s proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions

The following assumptions were used in the pension valuations, prepared as of June 30, 2022 (the Valuation Date) and June 30, 2022 (the Measurement Date) for use in the June 30, 2023 financial statements (Reporting Date):

Actuarial cost method	Entry Age Normal Cost method
Experience study dates	July 1, 2012 - June 30, 2017
Asset valuation method	Market value
Inflation	2.5%
Salary increases	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of investment related expense, including inflation
Discount rate	7.00%
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.50% to 6% maximum.
Post-retirement mortality	RP-2014 Combined Mortality Table

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – PENSION PLAN (Continued)

Target Asset Allocation and Rates of Return

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Global equity	37.0%	6.9%
Public credit	2.0%	2.9%
Core fixed income	13.0%	0.4%
Liquidity fund	1.0%	-0.4%
Risk mitigation	5.0%	0.1%
Private equity	15.0%	11.2%
Private credit	10.0%	6.2%
Real estate	10.0%	6.3%
Infrastructure and natural resources	7.0%	7.7%

Sensitivity Analysis

The following presents the net pension liability (asset) of the Southeastern Connecticut Water Authority’s proportionate share of the plan, calculated using the current discount rate, as well as what the Authority’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension Liability	\$ 1,104,166	\$ 806,337	\$554,223

Net Pension Liability for the Full Plan

Total pension liability	\$4,395,383,324
Plan fiduciary net position	<u>3,020,028,169</u>
Net pension liability	<u>\$ 1,375,355,155</u>
Plan fiduciary net position as a percentage of total pension liability	68.71%

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – PENSION PLAN (Continued)

Southeastern Connecticut Water Authority's Proportionate Share

Net Pension Liability	\$ 806,337
Net Pension Liability percentage of the total	0.179344%

Deferred outflows and (deferred inflows) of resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 118,682	\$ -
Difference between expected and actual experience	60,590	(34,036)
Changes in assumptions	-	-
Changes in proportional share	8,662	(11,782)
Authority contributions after the measurement date	92,421	-
Total	<u>\$ 280,355</u>	<u>\$ (45,818)</u>

Pension expense	\$ 161,188
Proportion Basis	Reported payroll

The contributions subsequent to the measurement date, shown as deferred outflows of resources, will be recognized as a reduction of the net pension liability in future years. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>June 30,</u>	
2024	\$ 18,531
2025	27,957
2026	18,486
2027	77,142
2028	-
Thereafter	-
Total	<u>\$ 142,116</u>

NOTE 8 – CONTINGENT LIABILITIES AND RISK MANAGEMENT

LITIGATION

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

SOUTHEASTERN CONNECTICUT WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – CONTINGENT LIABILITIES AND RISK MANAGEMENT *(Continued)*

RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for.

NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 100, Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (the Authority's fiscal year ending June 30, 2024).

GASB Statement 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement is effective for fiscal years beginning after December 15, 2023 (the Authority's fiscal year ending June 30, 2025).

**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Authority's proportion of the net pension liability	18.474700%	18.474700%	18.524000%	18.524000%	17.204400%	17.851600%	18.351500%	18.060200%	17.934400%
Authority's proportionate share of the net pension liability	\$ 190,045	\$ 252,939	\$ 363,584	\$ 306,203	\$ 651,113	\$ 658,869	\$ 720,667	\$ 427,443	\$ 806,337
Authority's covered-employee payroll	\$ 409,965	\$ 385,114	\$ 429,097	\$ 440,250	\$ 458,914	\$ 469,861	\$ 489,038	\$ 505,196	\$ 526,615
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	46.36%	65.68%	84.73%	69.55%	141.88%	140.23%	147.36%	84.61%	153.12%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%	73.60%	72.69%	71.18%	82.59%	68.71%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	20 years
Asset valuation method	5-year smoothed market

See independent auditors' report

**SOUTHEASTERN CONNECTICUT WATER AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 49,114	\$ 43,826	\$ 48,831	\$ 51,685	\$ 53,877	\$ 64,512	\$ 73,111	\$ 83,054	\$ 92,421
Contributions in relation to the actuarially determined contribution	<u>49,114</u>	<u>43,826</u>	<u>48,831</u>	<u>51,685</u>	<u>53,877</u>	<u>64,512</u>	<u>73,111</u>	<u>83,054</u>	<u>92,421</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 409,965	\$ 385,114	\$ 429,097	\$ 440,250	\$ 458,914	\$ 469,861	\$ 489,038	\$ 505,196	\$ 526,615
Contributions as a percentage of covered-employee payroll	11.98%	11.38%	11.38%	11.74%	11.74%	13.73%	14.95%	16.44%	17.55%

Notes to Schedule

Valuation date:	June 30, 2014	June 30, 2014	June 30, 2016	June 30, 2016	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date:	June 30, 2015	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.5%-10%, average, including inflation
Investment rate of return	7.0% net of investment related expense, including inflation
Changes in assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases

See independent auditors' report

APPENDIX B – FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS

October 2, 2024

Southeastern Connecticut Water Authority
1649 Route 12
Gales Ferry, CT 06335

RE: Southeastern Connecticut Water Authority
\$405,000 General Obligation Bond Anticipation Notes, dated October 2, 2024
and due on October 1, 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Southeastern Connecticut Water Authority (the "Issuer") of \$405,000 General Obligation Bond Anticipation Notes, dated October 2, 2024 (the "Notes").

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Issuer and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Issuer authorized to issue the Notes, in connection with the issuance and delivery of the Notes, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering materials relating to the Notes and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of _____, the Notes will be the valid and binding general obligations of the Issuer payable from any moneys, contracts, earnings and revenues of the Issuer, including, without

limitation, water system supply revenues, subject only to any agreements with the holders of any particular bonds or notes pledging any particular moneys, earnings or revenues.

2. Under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

The opinions set forth in the preceding paragraphs are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

3. Under existing law, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

The Issuer has designated the Notes as, and the Notes are qualified to be, "qualified tax-exempt obligations" of the Issuer in accordance with Section 265(b)(3) of the Code.

It is to be understood that the rights of the holders of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinions are based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Notes, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Ownership of the Notes may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Notes.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Notes.

Original Issue Discount

With respect to any of the Notes where the initial public offering prices of certain maturities of the Notes (the "OID Notes") may be less than their state principal amounts, the difference between the stated principal amount and the initial public offering price of each maturity of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Notes is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth on the cover page of the Official Statement for the OID Notes are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Notes for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes. Accrued original issue discount on an OID Bond is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bonds by such owner. Original issue discount on any bond is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such bond, and the adjusted basis of such OID Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Notes are advised to consult with their tax advisors with respect to the Federal, state and local tax consequences of owning the OID Notes.

Prospective purchasers of OID Notes should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

Original Issue Premium

With respect to any of the Notes where the initial public offering prices of certain maturities of the Notes is greater than the amount payable on those Notes at maturity (the “OIP Notes”), the excess of the price paid by the first owner of an OIP Bond over the principal amount payable at maturity of such OIP Bond constitutes original issue premium. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Bond is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce amount on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax, but it does reduce the owner’s adjusted basis in the OIP Bond for purposes of determining gain or loss on its disposition. Prospective purchasers of OIP Notes should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel’s opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond

Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C - NOTICE OF SALE

SOUTHEASTERN CONNECTICUT WATER AUTHORITY

\$405,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

PROPOSALS will be received by the SOUTHEASTERN CONNECTICUT WATER AUTHORITY (the “Authority”), by TELEPHONE BID by Susan Caron, Vice President, Munistat Services, Inc., the Authority’s Municipal Advisor at (860) 372-1887 until 11:25 A.M. (Eastern Time), and by ELECTRONIC BID via PARITY®, until 11:30 A.M. (Eastern Time) on WEDNESDAY,

SEPTEMBER 11, 2024,

for the purchase, when issued, of all, or any part of, the Authority’s \$405,000 General Obligation Bond Anticipation Notes, dated October 2, 2024 and due October 1, 2025 (the “Notes”).

The Notes are due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are **not** subject to redemption prior to maturity.

Nature of Obligation. The Notes will constitute general obligations of the Authority, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. The Notes are payable from any moneys, contracts, earnings and revenues of the Authority, including, without limitation, water system supply revenues, subject only to any agreements with the holders of any particular bonds or notes pledging any particular moneys, earnings or revenues.

Bank Qualification. The Notes **shall be** designated by the Authority as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available federal funds through the facilities of The Depository Trust Company, New York, New York on October 2, 2024, unless the option for non-book-entry is exercised, in which case payment shall be made in immediately available federal funds to the Authority in accordance with the Authority’s instructions.

Book-Entry. Except as provided below, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued, except as set forth below under “Option for Non-Book-Entry”, to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and

immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000, or any integral multiples thereof, with transfers of ownership affected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Authority or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Authority will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. Upon receipt from the Authority, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the noteholder.

Option For Non-Book-Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all of the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Authority as the Certifying Bank, Registrar, Transfer Agent and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Bank, Registrar, Transfer Agent and Paying Agent for such Notes, shall indicate this preference to the Authority at the time of the submission of the bid. The Authority reserves the right to decline any request to issue the Notes in non-book-entry form, or to designate the winning bidder as Certifying Bank, Registrar, Transfer Agent and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the winning bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Authority any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Bank, Registrar, Transfer Agent and Paying Agent for the Notes if the winning bidder is so designated. The terms and covenants of the Notes issued in non-book-entry form shall be the same as if the Notes were issued in book-entry form, except as required to reflect that the Notes are non-book-entry and the designation of the purchaser as Certifying Bank, Registrar, Transfer Agent and Paying Agent.

Bid Terms and Basis of Award. Except as otherwise provided herein, bidders may submit proposals for all or any part of the Notes, but any proposal for a part must be for a minimum of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof. A separate proposal is required for each part of the Notes for which a separate stated interested rate is bid. Bidders are to name one rate of interest in a multiple of one hundredths (1/100ths) of one per cent for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the responsible bidder or bidders offering to purchase the

Notes at the lowest net interest cost to the Authority, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest cost, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified. No bid for less than par and accrued interest, if any, will be considered. The Authority reserves the right to award to any bidder all or any part of the Notes bid in its proposal. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Authority further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Authority will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Telephone Proposals Bidding Procedure. Telephone bids for the purchase of the Notes will be received on behalf of the Authority by telephone call to Susan Caron, the Authority's Municipal Advisor, at (860) 372-1887. All telephone bids must be completed by 11:25 A.M. (Eastern Time) on Wednesday, September 11, 2024, and shall be submitted in the form of the Bid Form attached hereto as Attachment A. All telephone bids shall be deemed to incorporate the provisions of this Notice of Sale.

For the purpose of the bidding process, the time maintained by the Authority's Municipal Advisor shall constitute the official time.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of **PARITY®** by 11:30 A.M. (Eastern Time) on Wednesday, September 11, 2024. Any prospective bidder must be a subscriber of Ipreo's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o Ipreo LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@ihsmarkit.com). The Authority neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. All bids shall be deemed to incorporate the provisions of this Notice.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Authority, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Authority. By submitting a bid for the Notes via **PARITY®**, the bidder represents and warrants to the Authority that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Authority will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The Authority shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY®**

facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.

Disclaimer. Each of *PARITY*® prospective electronic bidders shall be solely responsible to make necessary arrangements to access *PARITY*® for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Authority nor *PARITY*® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Authority or *PARITY*® shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*®. The Authority is using *PARITY*® as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Notes. The Authority is not bound by any advice and determination of *PARITY*® to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via *PARITY*® are the sole responsibility of the bidders; and the Authority is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone *PARITY*® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by *PARITY*®, this Notice shall control.

For the purpose of the sealed proposals bidding procedure and the electronic proposals bidding procedure, the time maintained on *PARITY*® shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent. Unless the winning bidder on the Notes is designated as the Certifying Bank, Registrar, Transfer Agent and Paying Agent for the Notes as provided in "Option For Non-Book-Entry" above, the Notes will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

Bond Counsel Opinion. The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form attached as Appendix C to the Official Statement. The opinion will appear on each Note certificate and will state that the Notes are valid and binding obligations of the Authority. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed "issue price" certificate regarding public offering prices with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price".

Establishment of Issue Price. In order to provide the Authority with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Authority at or prior to the delivery of the Notes an "issue price" or similar certificate setting

forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael Botelho, Esq., Updike, Kelly & Spellacy, P.C., 225 Asylum Street, 20th Floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: mbotelho@uks.com and (2) the Municipal Advisor at Susan Caron, Vice President, Munistat Services, Inc., 129 Samson Drive, Suite A, Madison, CT 06443, Telephone: (860) 372-1887, E-mail: susan.caron@munistat.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Authority and the Municipal Advisor may act on behalf of the Authority.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Authority that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Authority that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Authority.

By submitting a bid, the bidder agrees (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Authority intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Authority shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Authority anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Authority anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Authority, or the Municipal Advisor on behalf of the Authority, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment B. If the winning bidder is purchasing any Maturity (as hereinafter defined) of the Notes for its own account and not with a view to distribution or resale of such Maturity to the Public, then the winning bidder shall provide Bond Counsel and the Municipal Advisor a completed “Certificate as to Issue Price” (in form satisfactory to Bond Counsel) for such Maturity or Maturities of the Notes.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Authority, or the Municipal Advisor on behalf of the Authority, shall at the time of award advise the winning bidder. The Authority may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (A)(I) of the first price at which ten percent (10%) of each Maturity of Notes has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Notes that satisfy the Actual Sales Rule as of the Sale Date, and (B) those Maturities of the Notes that the winning bidder is purchasing for its own account and not with a view to distribution or resale of such Maturity to the Public. After such receipt, the Authority, or Bond Counsel on behalf of the Authority, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering

Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third party distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement. For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement dated August 30, 2024 (the “Official Statement”) describing the Notes and the financial condition of the Town. The Official Statement is available in electronic format at www.i-dealprospectus.com, and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from the Municipal Advisor. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchase five (5) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Town’s Municipal Advisor is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

No Continuing Disclosure. Since the principal amount of the Notes is less than \$1,000,000, the undertaking to provide a continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Authority will not enter into a continuing disclosure agreement with respect to the Notes.

Delivery, Payment and Closing Requirements. At or prior to the delivery of the Notes, the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (see “Bond Counsel Opinion” above); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the

signer or signers thereof threatened, affecting the validity of the Notes or the power of the Authority to levy and collect taxes to pay them; (c) a certificate of the Chairman and Treasurer relating to the accuracy and completeness of the Official Statement; and (d) a receipt of payment for the Notes.

The Authority will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Authority's costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Authority shall have no responsibility for such clearance, exemption or preparation.

CUSIP Numbers. Unless the winning bidder requests the non-book-entry option, the Notes will be delivered to DTC or its agent on or about October 2, 2024. The deposit of the Notes with DTC under book-entry system requires the assignment of CUSIP numbers prior to delivery. The Authority's Municipal Advisor will apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the Authority provided, however, that the Authority assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

SOUTHEASTERN CONNECTICUT
WATER AUTHORITY

By: _____
Name: EDWARD MONAHAN
Title: Chairman

By: _____
Name: PAUL B. ECCARD
Title: Treasurer

August 30, 2024

(See attached form of Proposal for Notes)

ATTACHMENT A

BID FORM – PROPOSAL FOR NOTES

Edward Monahan, Chairman
Paul B. Eccard, Treasurer
Southeastern Connecticut Water Authority
1649 Route 12
Gales Ferry, CT 16335

Southeastern Connecticut Water Authority Officials:

Subject to the provisions of the Notice of Sale dated August 30, 2024, which Notice is made part of this proposal, we offer to purchase the indicated principal amount of the \$405,000 General Obligation Bond Anticipation Notes of the Southeastern Connecticut Water Authority (the “Issuer”) and to pay therefor par and pay the premium specified below, if any, as follows:

For \$ _____ of \$405,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Issuer, dated October 2, 2024 and maturing on October 1, 2025, bearing an interest rate of _____ % per annum, we bid par plus a premium of \$ _____. The net interest cost to the Issuer is _____ % (four decimals).

For \$ _____ of \$405,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Issuer, dated October 2, 2024 and maturing on October 1, 2025, bearing an interest rate of _____ % per annum, we bid par plus a premium of \$ _____. The net interest cost to the Issuer is _____ % (four decimals).

For \$ _____ of 405,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Issuer, dated October 2, 2024 and maturing on October 1, 2025, bearing an interest rate of _____ % per annum, we bid par plus a premium of \$ _____. The net interest cost to the Issuer is _____ % (four decimals).

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in immediately available federal funds on the date of the Notes.

Dated: September 11, 2024

(Name of Bidder)

(Mailing Address)

(Authorized Signature)

(Telephone Number)

(Facsimile Number)

(E-mail Address)

We request that the Notes not be issued in book-entry form, but be registered in the name of the bidder, as provided in the Notice of Sale.

Only if submitting request that Notes not be issued in book-entry form: We request to be designated as the Certifying Bank, Registrar, Transfer Agent and Paying Agent for the Notes, as provided in the Notice of Sale.

ATTACHMENT B

ISSUE PRICE CERTIFICATE

Southeastern Connecticut Water Authority
\$[Par] General Obligation Bond Anticipation Notes
Dated and Issued October 2, 2024

The undersigned, on behalf of [Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [Short Name of Underwriter], the purchaser of the Notes.

2. ***Purchase Price.*** The Southeastern Connecticut Water Authority (the “Issuer”) sold to [Short Name of Underwriter], for delivery on or about October 2, 2024 (the “Issue Date”), the Notes at a price of par (\$[Par]), plus an aggregate net premium of \$_____ and less an underwriter’s discount of \$_____, resulting in an aggregate net purchase price of \$_____.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of September 11, 2024 (the “Sale Date”), the reasonably expected initial offering price(s) of the Notes to the Public by [Short Name of Underwriter] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Notes used by [Short Name of Underwriter] in formulating its bid to purchase the Notes. Attached as **Schedule B** is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Notes.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Notes.

4. ***Defined Terms.***

(a) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or

more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a third party distribution agreement participating in the initial sale of the Notes to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Notes under the Code and with respect to compliance with the federal income tax rules affecting the Notes. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Notes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Notes. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of October 2, 2024.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

<u>Maturity Date</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
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Schedule B to Issue Price Certificate

[Copy of Bid]