

**GREATER NEW HAVEN WATER
POLLUTION CONTROL AUTHORITY**

**FINANCIAL REPORT
June 30, 2010**

CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	2-7
BASIC FINANCIAL STATEMENTS	
Statements of net assets	8
Statements of revenues and expenses and changes in net assets	9
Statements of cash flows	10
Notes to financial statements	11-22

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater New Haven Water Pollution Control Authority
New Haven, Connecticut

We have audited the accompanying financial statements of the Greater New Haven Water Pollution Control Authority, as of and for the years ended June 30, 2010 and 2009 as listed in the table of contents. These financial statements are the responsibility of Greater New Haven Water Pollution Control Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater New Haven Water Pollution Control Authority as of June 30, 2010 and 2009, and the statements of revenues, expenses and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2010 on our consideration of Greater New Haven Water Pollution Control 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 23, 2010

**Greater New Haven
Water Pollution Control Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

INTRODUCTION

The Greater New Haven Water Pollution Control Authority (the "GNHWPCA") was organized in 2005 as a political subdivision of the State established and created for the performance of an essential public and governmental function. It was created as a regional water pollution control authority under Connecticut Public Act 95-329, subsequently enacted as Title 22a, Sections 500 to 519 of the Connecticut General Statutes, as amended (the "Act"). The GNHWPCA was created pursuant to the Act by concurrent ordinances of the four Constituent Municipalities (the City of New Haven, and the Towns of Hamden, East Haven and Woodbridge). Under the Act, the GNHWPCA is empowered to purchase, own and operate a public sewer system; to levy assessments and sewer use fees; to place liens on real estate to secure such assessments; and to issue revenue bonds. The GNHWPCA is also eligible for grants and loans under the State of Connecticut Clean Water Fund program ("CWF"). Under the by-laws of the GNHWPCA, a governing Board of Directors comprised of representatives of the Constituent Municipalities was established.

On August 29, 2005, the GNHWPCA entered into an Asset Purchase Agreement ("regionalization") with the Constituent Municipalities and thereby acquired ownership of the wastewater system assets of the Constituent Municipalities which included CWF obligations.

In order to finance the acquisition of the wastewater system assets, the GNHWPCA issued \$91,290,000 of revenue bonds (the "2005 Series A Bonds") subject to an Indenture of Trust (the "Indenture"). The Indenture constitutes a contract between the GNHWPCA, the Trustee and the holders of the 2005 Series A Bonds. The Indenture secures the 2005 Series A Bonds and the CWF loans assumed from the Constituent Municipalities.

The wastewater system assets acquired by the GNHWPCA included: the East Shore Wastewater Treatment Plant, located in New Haven; 30 pump stations; a collection system of approximately 560 miles of sanitary and combined sewers; and machinery and equipment. The system provides wastewater treatment services to approximately 50,000 customers.

The Greater New Haven Water Pollution Control Authority operates on a fiscal year that starts on July 1 and ends on June 30.

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

CONTENTS OF THE AUDITED FINANCIAL STATEMENTS

Our financial statements are prepared using proprietary fund (enterprise fund) accounting that employs essentially the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and the accrual basis of accounting are used.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include statements of net assets, statements of revenues, expenses and changes in net assets, and statements of cash flows. These statements are followed by notes to the financial statements.

The GNHWPCA's audited financial statements include the following:

- ◆ Statements of net assets

These statements provide information about the GNHWPCA's investments in resources (assets) and its obligations to creditors (liabilities), with the difference between them reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the GNHWPCA is improving or deteriorating.

- ◆ Statements of revenues, expenses, and changes in net assets

These statements demonstrate changes in net assets from one period to another by accounting for operating and non-operating revenues and expenditures and measuring the financial results of operations combined with any capital contributions to determine the net change in assets for the period. This change combined with the beginning of the period net assets balance reconciles to the net assets at the end of the period. The information may be useful to determine how the GNHWPCA has funded its costs.

- ◆ Statements of cash flows

These statements report cash and cash equivalent activity for the year resulting from operating activities, non-capital financing activities, capital and related financial activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the year.

- ◆ Notes to financial statements

Notes to the financial statements contain information essential to understanding the financial statements, such as the GNHWPCA accounting methods and policies.

THE GNHWPCA BUSINESS

The GNHWPCA was created pursuant to Sections 22a-500 to 22a-519, inclusive, of the Connecticut General Statutes to (a) operate the Treatment Plant and to (b) use, equip, re-equip, repair, maintain, supervise, manage, operate and perform any act pertinent to collection, transportation, treatment and disposal of sewage with respect to the Constituent Municipalities. Currently, the daily flow at the Treatment Plant is approximately 29 million gallons per day.

FINANCIAL HIGHLIGHTS

Condensed Statements of Revenues, Expenses and Changes in Net Assets

<i>(Dollars in Thousands)</i>	Years ended June 30,			Dollar Variance		Percentage Variance	
	2010	2009	2008	10 vs. '09	09 vs. '08	10 vs. '09	09 vs. '08
Operating revenues	\$ 29,465	\$ 28,091	\$ 27,365	\$ 1,374	\$ 726	4.9%	2.7%
Operating expenses	19,721	19,465	19,666	256	(201)	1.3%	-1.0%
Depreciation and amortization	3,991	3,519	2,756	472	763	13.4%	27.7%
Total operating expenses, including depreciation	23,712	22,984	22,422	728	562	3.2%	2.5%
Operating income	5,753	5,107	4,943	646	164	12.6%	3.3%
Nonoperating income (expense)	(4,747)	(4,387)	(3,434)	(360)	(953)	8.2%	27.8%
Capital grants	2,199	19,493	1,604	(17,294)	17,889	-88.7%	1115.3%
Change in net assets	\$ 3,205	\$ 20,213	\$ 3,113	\$ (17,008)	\$ 17,100	-84.1%	549.3%

The following items highlight the condensed statements of revenues, expenses and changes in net assets, shown above.

◆ Operating Revenues

Operating revenues of \$29.5 million for fiscal year 2010 represent an increase of \$1.4 million or 5% compared to \$28.1 million in operating revenues for fiscal year 2009. The increase in operating revenue is primarily attributable to a rate increase of \$0.16 per CCF from fiscal year 2009 to fiscal year 2010. The GNHWPCA approved a charge of \$2.61 per CCF to meet the requirements of its Revenue Bond Indenture of Trust and to fund capital improvements

Operating revenues of \$28.1 million for fiscal year 2009 represent an increase of \$0.7 million or 2.6% compared to \$27.4 million in operating revenues for fiscal year 2008. The increase in operating revenue is primarily attributable to a rate increase of \$0.14 per CCF from fiscal year 2008 to fiscal year 2009, as well as an increase in the amount of delinquent interest and lien fees of 17% over fiscal year 2008. The GNHWPCA approved a charge of \$2.45 per CCF to meet the requirements of its Revenue Bond Indenture of Trust and to fund capital improvements

◆ Operating Expenses

Operating expenses include all costs, including maintenance, necessary to deliver wastewater collection and treatment services. It also includes the administrative resources and billing and customer service costs employed to ensure efficient operations.

Operating expenses for fiscal year 2010 increased \$0.3 million or 1.3% to \$19.8 million from \$19.5 million for fiscal year 2009. The increase of operating expenses reflects increased contractual services and salaries and wages.

Operating expenses for fiscal year 2009 decreased \$0.2 million or 1.0% to \$19.5 million from \$19.7 million for fiscal year 2008. The decrease of operating expenses reflects increased contractual services and salaries and wages offset by a reduction in utilities in 2009.

◆ **Non-operating Income and Expense**

Non-operating income and expense includes revenue from investment income, reflective of market rates of return, which is used in the general operation of the entity; and interest expense which consists primarily of interest incurred on revenue bonds issued and outstanding and loans assumed in connection with the State of Connecticut Clean Water Fund Program.

Non-operating expenses in fiscal year 2010 increased \$0.3 million or 8.2% to \$4.7 million from \$4.4 million for fiscal year 2009. The increase in non-operating income and expenses is directly attributable to a decrease in investment income due to market conditions and an increase in interest payments associated with outstanding debt.

Non-operating expenses in fiscal year 2009 increased \$1.0 million or 29.4% to \$4.4 million from \$3.4 million for fiscal year 2008. The increase in non-operating income and expenses is directly attributable to a decrease in investment income due to market conditions and an increase in interest payments associated with outstanding debt.

Condensed Statements of Net Assets

<i>(Dollars in Thousands)</i>	June 30,			Dollar Variance		Percentage Variance	
	2010	2009	2008	10 vs. '09	09 vs. '08	10 vs. '09	09 vs. '08
Assets							
Current assets	\$ 23,984	\$ 20,358	\$ 19,704	\$ 3,626	\$ 654	17.8%	3.3%
Capital assets, net	135,858	131,571	103,048	4,287	28,523	3.3%	27.7%
Noncurrent assets							
Restricted assets	11,923	18,176	28,639	(6,253)	(10,463)	-34.4%	-36.5%
Other	9,830	10,690	11,646	(860)	(956)	-8.0%	-8.2%
Total Assets	181,595	180,795	163,037	800	17,758	0.4%	10.9%
Liabilities							
Current liabilities	12,978	14,106	12,141	(1,128)	1,965	-8.0%	16.2%
Noncurrent liabilities	133,723	135,000	139,419	(1,277)	(4,419)	-0.9%	-3.2%
Total liabilities	146,701	149,106	151,560	(2,405)	(2,454)	-1.6%	-1.6%
Net Assets							
Invested in capital assets, net of related debt	29,953	29,814	11,475	139	18,339	0.5%	159.8%
Restricted	2,909	4,126	5,997	(1,217)	(1,871)	-29.5%	-31.2%
Unrestricted	2,032	(2,251)	(5,995)	4,283	3,744	-190.3%	-62.5%
Total net assets	\$ 34,894	\$ 31,689	\$ 11,477	\$ 3,205	\$ 20,212	10.1%	176.1%

The following items highlight the condensed statements of net assets shown above.

◆ **Current Assets**

The increase of \$3.6 million in current assets between fiscal year-end 2010 and fiscal year-end 2009 results principally from an increase in cash and cash equivalents, and an increase in accounts receivable.

◆ **Capital Assets**

The increase in capital assets is attributable to additions to equipment and sewer lines, such as acquisition and improvements of pumping equipment, water treatment facilities, the waste water collection system and information technology.

Capital Assets are assets acquired for the use in operations that will benefit more than a single fiscal year. Capital assets are stated at cost. Normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. No depreciation is computed on these assets until they are complete and placed into service. Depreciation is computed on a straight line basis over the estimated useful lives of the respective assets.

◆ **Restricted Assets**

The term “restricted assets” refers primarily to certain funds established under various bond indentures, as well as funds acquired from the regionalization, whose use is restricted for the following purposes:

- Debt Service
- Debt Service Reserves
- Construction
- Environmental Impact Fund
- Maintenance Escrow
- Rate Stabilization Fund for New Haven Residents
- OMI DPA Fund (legal settlement)

The decrease of \$6.3 million in restricted assets between fiscal year-end 2009 and fiscal year-end 2010 is primarily due to the funding of capital projects funded by Revenue bonds (2008 A & 2008 B series) issued in fiscal year 2008, and the release of \$1,000,000 from the Environmental Impact Fund (EIF) to the New Haven Green Fund pursuant to Section 9.9 of the Asset Purchase Agreement.

The GNHWPCA invests these restricted assets in investments as allowed by the Indentures, for example, depository accounts in direct obligations of the federal or state governments (or agencies) or in guaranteed investment contracts.

◆ **Other Non-Current Assets**

The fiscal year-end 2010 decrease from fiscal year-end 2009 in other assets is primarily related to the reduction of the long-term portion of the receivable – City of New Haven.

◆ **Current Liabilities**

The decrease in current liabilities from fiscal year-end 2009 to fiscal year-end 2010 is primarily attributed to a decrease in the current portion of long term debt from the conversion of the interim Clean Water Fund obligation to permanent financing.

◆ **Non-Current Liabilities**

Non-current liabilities decreased between fiscal year-end 2009 and fiscal year-end 2010, primarily due to the shift in long term debt from noncurrent to current.

◆ **Invested in Capital Assets, Net of Related Debt**

This line represents the GNHWPCA's total capital assets, net of depreciation, and net of the long-term debt incurred to acquire the capital assets from the Constituent Municipalities and to conduct improvements to the waste water system.

◆ **Restricted Net Assets**

Restricted net assets decreased between fiscal year-end 2009 and fiscal year-end 2010, primarily due to the utilization of the rate stabilization fund, and reduction in the Capital Construction Fund.

◆ **Unrestricted Net Assets**

Unrestricted net assets increased by \$4.3 million at fiscal year-end 2010 as a result of an increase in the change in net assets and capital contributions and the release of rate stabilization funds during the year.

THE GNHWPCA'S CUSTOMER BASE

The GNHWPCA serves a population of almost 200,000 users; the customer base is primarily residential and commercial. Of its approximately 50,000 customers, 40,000 are residential and approximately 10,000 are commercial, industrial and public authorities.

LIQUIDITY AND CAPITAL RESOURCES

In fiscal year 2010, the Authority generated \$30.5 million in cash from operations and \$.5 million from investment & other earnings. These amounts were used to pay for operations and maintenance of \$20 million and to fund debt service of \$10 million.

The Authority funds its program of capital improvements largely through debt financing and capital contributions from the State of Connecticut's Clean Water Fund program and through the issuance of revenue bonds.

CREDIT RATING

Standard & Poor's, Moody's and Fitch Investors Service affirmed ratings of A, A1 and A+, respectively, on the GNHWPCA's outstanding debt.

FINANCIAL STATEMENT PRESENTATION

The GNHWPCA financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Greater New Haven Water Pollution Control Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Director of Finance & Administration, Greater New Haven Water Pollution Control Authority, 260 East Street, New Haven, Connecticut 06511.

Basic Financial Statements

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 15,803,914	\$ 14,254,198
Accounts receivable, less allowance for doubtful accounts \$4,268,495 in 2010 and \$3,603,662 in 2009	7,314,719	5,150,570
Receivable - City of New Haven (Note 3)	830,146	918,892
Other current assets	35,189	34,083
Total current assets	23,983,968	20,357,743
Capital Assets (Note 4)	151,046,664	142,769,034
Less accumulated depreciation	15,188,595	11,197,664
	135,858,069	131,571,370
Non-Current Receivable - City of New Haven (Note 3)	7,967,451	8,713,256
Restricted Assets (Note 5)	11,922,736	18,176,482
Debt Issuance Costs, less accumulated amortization of \$422,457 in 2010 and \$308,261 in 2009	1,862,550	1,976,746
Total assets	181,594,774	180,795,597
LIABILITIES		
Current Liabilities		
Current portion of long-term debt (Note 6)	7,587,345	9,712,908
Accounts payable	3,556,082	2,669,984
Accrued interest	1,101,785	1,113,810
Accrued expenses	732,457	609,409
Total current liabilities	12,977,669	14,106,111
Long-Term Debt, less current portion (Note 6)	133,723,051	135,000,087
Total liabilities	146,700,720	149,106,198
NET ASSETS		
Invested in capital assets, net of related debt	29,953,276	29,814,106
Restricted:		
Rate stabilization	974,324	1,995,269
Debt service	1,867,948	2,064,080
Escrow	66,500	66,500
Unrestricted (deficit)	2,032,006	(2,250,556)
Total net assets	\$ 34,894,054	\$ 31,689,399

See Notes to Financial Statements.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN NET ASSETS

Years Ended June 30, 2010 and 2009

	2010	2009
Operating Revenues		
Residential	\$ 17,925,318	\$ 17,228,388
Commercial and industrial	6,786,635	6,774,154
Municipal	1,127,336	1,117,344
Delinquent interest and lien fees	801,507	778,290
Outside sludge disposal	790,416	383,835
Other	3,078,577	2,574,917
Provision for bad debts	(1,044,614)	(765,772)
Total operating revenues	29,465,175	28,091,156
Operating Expenses		
Operation and maintenance (Notes 8, 9 and 10)	19,721,500	19,465,634
Depreciation	3,990,933	3,518,958
Total operating expenses	23,712,433	22,984,592
Operating income	5,752,742	5,106,564
Nonoperating Income (Expense)		
Other income	184,152	201,101
Interest income	293,192	634,521
Interest expense (Note 7)	(5,224,840)	(5,222,394)
Total nonoperating income (expense)	(4,747,496)	(4,386,772)
Income before capital contributions	1,005,246	719,792
Capital contributions	2,199,409	19,492,904
Change in net assets	3,204,655	20,212,696
Net Assets, beginning	31,689,399	11,476,703
Net Assets, ending	\$ 34,894,054	\$ 31,689,399

See Notes to Financial Statements.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 28,135,577	\$ 28,818,127
Payments to suppliers	(15,119,630)	(17,671,899)
Payments to employees	(3,593,830)	(3,432,128)
Net cash provided by operating activities	9,422,117	7,714,100
Cash Flows From Capital and Related Financing Activities		
Proceeds from notes payable	1,305,479	3,438,676
Principal payments on debt	(4,446,856)	(4,066,446)
Bond issuance costs and discounts	114,196	115,274
Interest paid on debt	(5,498,087)	(5,409,721)
Proceeds received from capital contributions	1,243,634	249,761
Acquisition and construction of capital assets	(7,321,857)	(12,799,185)
Net cash (used in) capital and related financing activities	(14,603,491)	(18,471,641)
Cash Flows From Non-Capital Activities		
Other income	184,152	201,101
Cash Flows From Investing Activities		
Interest received	293,192	634,521
Net (decrease) in cash and cash equivalents	(4,704,030)	(9,921,919)
Cash and Cash Equivalents		
Beginning	32,430,680	42,352,599
Ending	\$ 27,726,650	\$ 32,430,680
Reported on Statement of Net Assets as follows:		
Unrestricted cash and cash equivalents	\$ 15,803,914	\$ 14,254,198
Restricted cash and cash equivalents	\$ 11,922,736	\$ 18,176,482
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 5,752,742	\$ 5,106,564
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,990,933	3,518,958
Provision for bad debts	1,044,614	765,772
Changes in assets and liabilities:		
(Increase) in accounts receivable	(2,374,212)	(4,718)
(Increase) decrease in other assets	(1,106)	(34,083)
Increase (decrease) in accounts payable	886,098	(1,728,832)
Increase in accrued expenses	123,048	90,439
Net cash provided by operating activities	\$ 9,422,117	\$ 7,714,100
Noncash Investing, Capital and Financing Activities		
Contributed capital assets from the State of Connecticut	\$ 955,775	\$ 19,243,143
Conversion of interim obligation to permanent	\$ 3,545,063	\$ -

See Notes to Financial Statements.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

Note 1. Reporting Entity and Summary of Significant Accounting Policies

Reporting entity

The Greater New Haven Water Pollution Control Authority (the "GNHWPCA") was organized in 2005 as a political subdivision of the State, established and created for the performance of an essential public and governmental function. It was created as a regional water pollution control authority under Connecticut Public Act 95-329, subsequently enacted as Title 22a, Sections 500 to 519 of the Connecticut General Statutes, as amended (the "Act"). The GNHWPCA was created pursuant to the Act by concurrent ordinances of the City of New Haven and the Towns of Hamden, East Haven and Woodbridge (the "Constituent Municipalities"). Under the Act, the GNHWPCA is empowered to purchase, own and operate a public sewer system; to levy assessments and sewer use fees; to place liens on real estate to secure such assessments; and to issue revenue bonds. The GNHWPCA is also eligible for grants and loans under the State of Connecticut Clean Water Fund ("CWF") program. Under the by-laws of the GNHWPCA, a governing Board of Directors comprised of representatives of the Constituent Municipalities was established.

Accounting principles require that the reporting entity include organizations for which the nature and significance of their relationship with the primary entity are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This criteria has been considered and as a result, there are no agencies or entities that should be, but are not, combined with the financial statements of the GNHWPCA.

In 2005, the GNHWPCA entered into an Asset Purchase Agreement with the Constituent Municipalities. Under the agreement, the Authority acquired ownership of their wastewater system assets and assumed certain obligations of the Constituent Municipalities.

Significant accounting policies are as follows:

Basis of accounting

The GNHWPCA utilizes the accrual basis of accounting, as required of proprietary funds under generally accepted accounting principles, under which revenues are recognized when earned and expenses are recognized when incurred.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of reporting cash flows, the GNHWPCA considers all unrestricted and restricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010 and 2009

Accounts receivable

Accounts receivable are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Capital assets

Property, plant and equipment are stated at cost when purchased and fair value when contributed. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. No depreciation is computed on these assets until they are complete and placed into service. Property, plant and equipment are depreciated utilizing the following estimated useful lives:

	<u>Years</u>
Land improvements	15-50
Buildings	40
Equipment	5-20
Sewer lines	10-50
Vehicles	5

GNHWPCA capitalizes interest during the period of construction.

Debt issuance costs and bond premium

Costs incurred in connection with issuance of long-term debt, consisting primarily of legal fees, as well as bond premium, have been deferred and are being amortized over the life of the related debt.

Net assets

Net assets are classified in the following categories:

Invested in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balance of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted net assets - This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category represents the amount not restricted for any project or other purpose. The deficit will need to be funded from future operations.

Revenues

Revenues are based on the GNHWPCA authorized minimum charges and rates per hundred cubic feet applied to customer consumption of water. Revenues are recognized when utility services are provided.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010 and 2009

The GNHWPCA accrues an estimate for services delivered but not billed at the end of each accounting period.

The GNHWPCA utilizes a modified flat rate billing system for customers who use less than 75 cubic feet of water per quarter. The GNHWPCA estimates that 80% of its retail customers are billed in this manner. The remaining customers, primarily industrial and commercial users, are billed based upon actual water usage.

Interest is levied on accounts that are 30 days past due. The GNHWPCA has the authority to file liens on past due accounts.

Operating revenues and expenses

The GNHWPCA distinguishes operating revenues and expenses from non-operating. Operating revenues result from charges to customers for wastewater disposal and related services. Operating expenses include the cost of operations, maintenance, sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating or capital contributions.

Capital Contributions

Capital contributions are recognized when eligibility requirements are met. Capital contributions consist principally of grant funding received under the State of Connecticut's Clean Water Fund Program, contributions received from the City of New Haven under a cost sharing agreement for Clean Water Fund projects and contributions received from the State of Connecticut Department of Transportation for costs incurred to move infrastructure.

Compensated absences

Under the terms of two collective bargaining agreements, employees are awarded vacation on January 1 of each year based on years of service, and can accumulate up to 40 days of unused vacation. Employees are also allowed sick leave, which is earned monthly, and can accumulate up to 150 days. Upon termination of employment without eligibility for retirement, each employee is paid for unused vacation. Retiring employees are paid for 100 percent of their unused vacation and unused sick leave up to 90 days.

Vested sick leave and accumulated vacation leave is recognized as an expense and liability as the benefits accrue to employees. Non-vested sick leave is recognized to the extent it is expected to be paid.

Proprietary fund accounting

The GNHWPCA follows Statement No. 20 of the Governmental Accounting Standards Board ("GASB"), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". This Statement provides guidance on the applicability of accounting pronouncements from other standard setting organizations. Under the GNHWPCA's election, it must apply all GASB pronouncements and the following pronouncements issued before November 30, 1989 unless they contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010 and 2009

Note 2. Cash, Cash Equivalents and Investments

Deposits: The GNHWPCA does not have a formal custodial credit risk policy for deposits; therefore, the GNHWPCA follows the State of Connecticut statutes, which allow deposits that can include demand and savings accounts and certificates of deposits. The GNHWPCA's custodial credit risk policy for deposits follows the State of Connecticut requirement that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The GNHWPCA does not have a formal credit risk policy for investments; however, the GNHWPCA adheres to State of Connecticut statutes which, in general, allow the GNHWPCA to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

Investments in Guaranteed Investment Contracts are recorded at cost, which approximate fair value.

Interest Rate Risk: The GNHWPCA does not have a policy for interest rate risk. This is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. The guaranteed investment contract matures August 15, 2035.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The guaranteed investment contract is not rated.

Concentrations: The GNHWPCA's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer. The guaranteed investment contract is with one issuer.

Custodial Credit Risks

Deposits: The GNHWPCA is subject to custodial credit risk. This is the risk that, in the event of failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2010 and 2009, \$21,155,790 and \$27,290,894 of the GNHWPCA's bank balance of \$22,155,790 and \$27,790,894 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010 and 2009

A summary of balances as of June 30, 2010 and 2009 consist of the following:

	2010		
	Unrestricted	Restricted	Total
Deposits	\$ 15,803,914	\$ 6,026,236	\$ 21,830,150
Guaranteed Investment Contract	-	5,896,500	5,896,500
	\$ 15,803,914	\$ 11,922,736	\$ 27,726,650

	2009		
	Unrestricted	Restricted	Total
Deposits	\$ 14,254,198	\$ 12,279,982	\$ 26,534,180
Guaranteed Investment Contract	-	5,896,500	5,896,500
	\$ 14,254,198	\$ 18,176,482	\$ 32,430,680

Note 3. Receivable – City of New Haven

The Authority has a receivable from the City of New Haven with respect to a cost sharing agreement entered into in conjunction with the State of Connecticut's Clean Water Fund Program for sewer separation projects. Under the terms of the cost sharing agreement, the City of New Haven agreed to reimburse the GNHWPCA for 40% of the debt service costs associated with the funding received. Included in the balance at June 30, 2010, are certain outstanding obligations assumed pursuant to the Asset Purchase Agreement. The terms associated with this receivable mirror the underlying terms of the Clean Water Fund obligations of the GNHWPCA. The City of New Haven made principal payments of \$853,247 and \$841,522 during the years ended June 30, 2010 and 2009, respectively.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010 and 2009

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	2010				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Capital assets, not being depreciated:					
Land	\$ 2,578,488	\$ -	\$ -	\$ -	\$ 2,578,488
Construction in progress	10,978,476	6,991,019	(101,074)	(12,151,588)	5,716,833
Total capital assets, not being depreciated	13,556,964	6,991,019	(101,074)	(12,151,588)	8,295,321
Capital assets, being depreciated:					
Buildings and improvements	38,272,458	14,067	-	1,047,743	39,334,268
Machinery and equipment	10,036,030	374,010	-	6,115,337	16,525,377
Furniture and fixtures	776,313	84,482	-	38,283	899,078
Infrastructure	79,515,124	839,631	-	4,950,225	85,304,980
Vehicles	612,146	75,494	-	-	687,640
Total capital assets, being depreciated	129,212,071	1,387,684	-	12,151,588	142,751,343
Less accumulated depreciation for:					
Buildings and improvements	4,740,222	1,311,417	-	-	6,051,639
Machinery and equipment	1,387,571	799,596	-	-	2,187,167
Furniture and fixtures	313,717	116,146	-	-	429,863
Infrastructure	4,639,977	1,706,100	-	-	6,346,077
Vehicles	116,176	57,673	-	-	173,849
Total accumulated depreciation	11,197,663	3,990,932	-	-	15,188,595
Total capital assets, being depreciated, net	118,014,408	(2,603,248)	-	12,151,588	127,562,748
Total capital assets, net	\$ 131,571,372	\$ 4,387,771	\$ (101,074)	\$ -	\$ 135,858,069

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010 and 2009

Capital assets activity for the year ended June 30, 2009 was as follows:

	2009				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Capital assets, not being depreciated:					
Land	\$ 2,578,488	\$ -	\$ -	\$ -	\$ 2,578,488
Construction in progress	9,811,896	11,507,072		(10,340,492)	10,978,476
Total capital assets, not being depreciated	12,390,384	11,507,072	-	(10,340,492)	13,556,964
Capital assets, being depreciated:					
Buildings and improvements	36,165,203	46,604	-	2,060,651	38,272,458
Machinery and equipment	6,756,436	508,790	-	2,770,803	10,036,029
Furniture and fixtures	554,133	7,662	-	214,519	776,314
Infrastructure	54,278,737	19,941,867	-	5,294,519	79,515,123
Vehicles	581,811	30,335	-	-	612,146
Total capital assets, being depreciated	98,336,320	20,535,258	-	10,340,492	129,212,070
Less accumulated depreciation for:					
Buildings and improvements	3,464,199	1,276,023	-	-	4,740,222
Machinery and equipment	872,027	515,544	-	-	1,387,571
Furniture and fixtures	219,206	94,512	-	-	313,718
Infrastructure	3,049,673	1,590,304	-	-	4,639,977
Vehicles	73,601	42,575	-	-	116,176
Total accumulated depreciation	7,678,706	3,518,958	-	-	11,197,664
Total capital assets, being depreciated, net	90,657,614	17,016,300	-	10,340,492	118,014,406
Total capital assets, net	\$ 103,047,998	\$ 28,523,372	\$ -	\$ -	\$ 131,571,370

The State of Connecticut Department of Transportation contributed \$955,775 and \$19,243,143 in infrastructure required for various State sponsored construction at June 30, 2010 and 2009, respectively. Included in construction in progress is \$339,374 and \$401,841 of capitalized interest at June 30, 2010 and 2009, respectively.

Note 5. Restricted Assets

Pursuant to the 2005 Series A Bond Indenture and the Asset Purchase Agreement, and the 2008 Series A Bond Indenture, as well as certain legal settlements, certain funds are required to be maintained for purposes specified in the applicable agreement.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010 and 2009

At June 30, 2010 and 2009, GNHWPCA's restricted assets were being maintained for the following purposes:

	<u>2010</u>	<u>2009</u>
Debt service reserve fund	\$ 7,636,868	\$ 7,636,822
Debt service fund	1,867,948	2,064,080
Construction fund	1,377,096	5,413,811
Environmental impact fund	-	1,000,000
Maintenance escrow	66,500	66,500
Rate stabilization for New Haven residents	974,324	1,995,269
	<u>\$ 11,922,736</u>	<u>\$ 18,176,482</u>

Note 6. Long-Term Debt

Long-Term debt consists of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
<u>2005 Series A Revenue Bonds</u>		
\$44,895,000 Serial Bonds, issued August 2005, interest payable semi-annually at 3.25% - 5.0%, due in annual principal amounts, beginning in 2007, of \$1,580,000 to \$3,485,000, through 2025.	\$ 39,990,000	\$ 41,680,000
\$20,310,000 Term Bonds, issued August 2005, interest payable semi-annually at 5.0%, due November 15, 2030.	20,310,000	20,310,000
\$26,085,000 Term Bonds, issued August 2005, interest payable semi-annually at 5.0%, due August 15, 2035.	26,085,000	26,085,000
<u>2008 Series A Revenue Bonds</u>		
\$7,185,000 Serial Bonds, issued March 2008, interest payable semi-annually at 4.0%-5.0%, due in annual principal amounts, beginning in 2010, of \$355,000 to \$635,000.	7,185,000	7,185,000
\$2,860,000 Term Bonds, issued March 2008, interest payable semi-annually at 4.75%, due November 15, 2028.	2,860,000	2,860,000
\$8,930,000 Term Bond, issued March 2008, interest payable semi-annually at 5.00%, due November 15, 2037.	8,930,000	8,930,000

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>2008 Series B Revenue Bonds</u>		
\$2,500,000 Term Bonds, issued April 2008, interest payable quarterly at 3.3% - 5.73%, due in annual principal amounts, beginning December 2008, of \$166,667, through December 2022.	2,166,666	2,333,333
<u>Notes Payable and Other</u>		
State of Connecticut Clean Water Fund obligation, due in monthly principal amounts of \$32,000 to \$146,000, plus interest at 2%, through 2026(A).	23,074,133	25,371,365
State of Connecticut Clean Water Fund obligation, due in annual principal payment amounts of 169,000 to 233,000, plus interest at 2%, through 2029 (A)	3,659,565	-
State of Connecticut Clean Water Fund Interim obligation, bearing interest at 2% (A).	2,911,966	5,559,010
Total long-term debt	137,172,330	140,313,708
Unamortized bond:		
Premium	4,307,700	4,578,643
Discount	(169,634)	(179,356)
	141,310,396	144,712,995
Less current portion	7,587,345	9,712,908
	\$ 133,723,051	\$ 135,000,087

(A) Pursuant to the Asset Purchase Agreement, the GNHWPCA assumed outstanding obligations in connection with the State of Connecticut's Clean Water Fund Program for sewer separation projects. Additionally, the GNHWPCA entered into a cost sharing agreement with the City of New Haven with respect to Clean Water Fund Program obligations issued to the GNHWPCA.

The Series A 2005 Revenue Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which the redemption takes place. For purposes of the \$20,310,000 and \$26,085,000 Term Bonds, the annual date of redemption begins on November 15, 2026 and August 31, 2031, respectively. Mandatory sinking fund redemption requirements range from \$3,665,000 to \$5,750,000.

The Series A 2008 Revenue Bonds are subject to mandatory sinking fund redemption requirements prior to maturity at a redemption price equal to the principal amount plus accrued interest to the date upon which this redemption takes place. For purposes of the \$2,860,000 and \$8,930,000 Term Bonds, the annual date of redemption begins on November 15, 2025 and November 15, 2029, respectively. Mandatory sinking fund redemption requirements range from \$665,000 to \$1,200,000.

Additionally, both the 2005 and 2008 bond indentures contain certain restrictive and financial covenants, including a rate covenant which requires the GNHWPCA to set rates to provide for 100% of operating expenses and a Debt Service Coverage ratio of 115%.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010 and 2009

The annual debt service requirements on the above debt at June 30, 2010, are as follows:

	Principal	Interest	Total
2011	\$ 7,587,345	\$ 5,556,435	\$ 13,143,780
2012	4,764,504	5,432,388	10,196,892
2013	4,459,720	5,292,286	9,752,006
2014	4,552,424	5,151,902	9,704,326
2015	4,624,020	5,007,335	9,631,355
2016-2020	23,293,727	22,536,019	45,829,746
2021-2025	25,319,253	18,024,646	43,343,899
2026-2030	23,881,337	12,672,404	36,553,741
2031-2035	29,505,000	6,131,875	35,636,875
2036-2040	9,185,000	406,875	9,591,875
	<u>\$ 137,172,330</u>	<u>\$ 86,212,165</u>	<u>\$ 223,384,495</u>

Long-term liability activity for the year ended June 30, 2010 and 2009 was as follows:

	2010				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	\$ 109,383,333	\$ -	\$ 1,856,668	\$ 107,526,665	\$ 2,266,667
Notes payable	25,371,364	3,952,524	2,590,189	26,733,699	2,408,712
Interim obligations	5,559,011	898,018	3,545,063	2,911,966	2,911,966
Total long-term liabilities	\$ 140,313,708	\$ 4,850,542	\$ 7,991,920	\$ 137,172,330	\$ 7,587,345

	2009				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue obligation bonds	\$ 111,185,000	\$ -	\$ 1,801,667	\$ 109,383,333	\$ 1,856,667
Notes payable	27,636,142	-	2,264,779	25,371,363	2,297,230
Interim obligations	2,120,336	3,438,676	-	5,559,012	5,559,011
Total long-term liabilities	\$ 140,941,478	\$ 3,438,676	\$ 4,066,446	\$ 140,313,708	\$ 9,712,908

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010 and 2009

Note 7. Interest Cost

The total interest cost incurred during the years ended June 30, 2010 and 2009 was \$5,626,554 and \$5,773,663, of which \$339,374 and \$401,841 were capitalized as part of the cost of various capital projects, respectively.

Note 8. Risk Management

The GNHWPCA maintains commercial insurance for various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims have not exceeded coverage amounts in the last three fiscal years.

Note 9. Retirement Plan

The GNHWPCA employees participate in the Connecticut Municipal Employees' Retirement System (MERS). MERS is the administrator of 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 municipalities. 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 Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

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 between 3% and 5% are paid to disabled members and nondisabled retired members who have reached age 65. Effective January 1, 2002, all other retired members will receive a 2.5% annual adjustment until age 65, at which point they will receive the same cost of living adjustment as those currently age 65. For those retiring after December 31, 2001, annual cost of living increases will be between 2.5% and 6.0%. All benefits vest after 5 years of continuous service or 15 years of 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 earnings for the three highest paid years of service.
- ◆ If covered by Social Security: 1-1/2% of the three-year average of earnings not in excess of the year's breakpoint, plus 2% of the three-year average of earnings in excess of the year's breakpoint.

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid, plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Employees not covered by social security are required to contribute 5% of all earnings.

The GNHWPCA's required and actual contributions for the years ended June 30, 2010, 2009 and 2008 were \$242,292, \$218,740 and \$200,875, respectively.

GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010 and 2009

Note 10. Commitments and Contingencies

The GNHWPCA is a defendant in various litigation, principally involving property damage and other miscellaneous claims. Based upon the advice of legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial condition or the results of operations of the GNHWPCA.

The GNHWPCA has a long-term agreement, which commenced January 1999 and expires January 2014, with a private company under which the company has assumed the day-to-day management of its treatment plant, pump stations and sewer collection system while the GNHWPCA retained its billing and customer relations responsibilities. The GNHWPCA paid the company an operation and maintenance fee totaling \$4,919,358 and \$4,891,234 for the years ended June 30, 2010 and 2009, respectively. The operation and maintenance fee for each of the remaining years of the agreement will approximate \$4,000,000, adjusted for changes in the consumer price index. The GNHWPCA can terminate the above agreement without cause, but must pay the company \$1,000,000 if terminated in the fifth year, reduced pro rata for each year thereafter, plus the book value of unreimbursed capital costs and the costs to demobilize its management team. If the company terminates the agreement due to default by the GNHWPCA, it will be paid \$2,000,000 if terminated in the first year, reduced pro rata for each year thereafter.

The GNHWPCA has an agreement with an independent sewage treatment company, which commenced August 1995 and expires September 2014, for sludge disposal. The agreement is for upgrading and operating the GNHWPCA's incinerator facility as well as for current sludge disposal. The term of the agreement is for twenty years. The agreement calls for on-site incineration at a cost of approximately \$2.8 million per year. In the event the agreement is terminated early, the GNHWPCA must pay for the remaining unamortized balance of the capital costs incurred by the company to make the facility operational. This balance is calculated using straight-line amortization over the remaining term of the agreement with the total capital costs not to exceed \$3.3 million. In the event the agreement is terminated within five years of receiving the permit, the GNHWPCA must also reimburse the company for its lost profit over the remaining term. The GNHWPCA currently has no plans to terminate the agreement early.

At June 30, 2010, the GNHWPCA has approximately \$365,000 of unbilled, ongoing contracts for construction and improvements of its sewer systems. Funding for these projects is primarily being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants and through excess revenue bond proceeds.

Note 11. Pronouncements Issued, Not Yet Effective

The GASB issued pronouncements prior to June 30, 2010 that have an effective date 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 of GNHWPCA:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.