

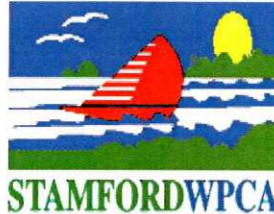
STAMFORD WATER POLLUTION CONTROL AUTHORITY
AN ENTERPRISE FUND OF THE CITY OF STAMFORD, CONNECTICUT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
TABLE OF CONTENTS
JUNE 30, 2019 AND 2018**

Introductory Section		<u>Page</u>
	Letter of Transmittal	i-iii
Financial Section		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-12
Basic Financial Statements		
<u>Exhibit</u>		
I	Comparative Statements of Net Position	13
II	Comparative Statements of Revenues, Expenses and Changes in Net Position	14
III	Comparative Statements of Cash Flows	15
	Notes to the Financial Statements	16-35
Supplementary and Other Information		
A-1	Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis	36
A-2	Schedule of Expenses and Other Financing Uses - Budget and Actual - Budgetary Basis	37
Statistical Section		
<u>Table</u>		
	Financial Trends:	
1	Revenues, Expenses and Changes in Net Position	38
2	Net Position	39
	Revenue Capacity:	
3	Customer, Consumption & Rate Statistics	40
4	Principal Water Users	41
	Debt Capacity:	
5	Debt Outstanding by Type	42
6	Debt Coverage	43
	Operating Information:	
7	Full-Time Equivalent Employees	44
8	Capital Asset Statistics by Function/Program	45



INTRODUCTORY SECTION



Letter of Transmittal

December 30, 2019

To: Mayor David R. Martin
Board of Finance
Board of Representatives
SWPCA Board
Citizens of Stamford

Introduction

I am pleased to transmit the audited financial statements of the Stamford Water Pollution Control Authority (“SWPCA”) for the fiscal year ended June 30, 2019 in compliance with Connecticut State law. The SWPCA management assumes full responsibility for the completeness and reliability of the information contained in this report. A framework of internal control has been established by the management of the SWPCA. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants, has issued an unmodified opinion on the SWPCA’s financial statements for the year ended June 30, 2019. The independent auditors’ report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditors’ report and provides a narrative overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The SWPCA adheres to financial policies and procedures adopted by the City of Stamford’s Board of Finance. Such policies include procurement, accounts payable, accounts receivable, cash receipts, and capital project funding among others. The SWPCA also adheres to financial policies established by its Board regarding setting rates and charges for sewer use, collection of user charges, and maintenance of cash reserves. These policies and procedures are intended to help the SWPCA maintain a sound financial position and also help ensure that the SWPCA meets all of the requirements set forth by State and federal regulations.

The Stamford Water Pollution Control Authority

Ordinance No. 803, adopted November 6, 1996, established the SWPCA. Prior to that date, wastewater collection and treatment was performed as a function under the City of Stamford’s Office of Operations. The SWPCA was established pursuant to Chapter 103, Sections 7-245 through 7-273a inclusive of the Connecticut General Statutes. The Authority was created to operate the Water Pollution Control Facility (“treatment plant”), sanitary sewer system, sanitary pumping stations, and the Hurricane Barriers (“flood protection system”) for the City of Stamford;

to use, equip, re-equip, repair, maintain, supervise, manage, operate, and perform any act pertinent to the collection, transportation, treatment, and disposal of wastewater. Wastewater is treated through the processes installed during the treatment plant upgrade and expansion project which was completed in 2006. The treatment plant has capacity to treat an annual average flow of 24 million gallons of wastewater per day (“MGD”). During the fiscal year ended June 30, 2019 the flow to the plant averaged approximately 18.3 MGD. The plant has adequate reserve capacity for the growth that is currently occurring in Stamford.

Service Area

The SWPCA’s service area includes residential, commercial, government, and non-profit customers in the City of Stamford, Connecticut (“Stamford”) and the adjacent Town of Darien, Connecticut (“Darien”). The customer base served by the SWPCA consists of a diverse mix of residential and commercial customers. In Stamford, approximately 90% of customers are residential (including home owners, condominium owners, and renters) and 10% of customers are commercial, governmental, or industrial in nature. The service area boundaries for Stamford are the Merritt Parkway to the north, the Noroton River on the east, Old Greenwich on the west, and Long Island Sound to the south.

Darien pumps wastewater to the east side of Stamford where the wastewater is then conveyed through the SWPCA collection system to the treatment plant. The service area boundaries for Darien are the City of Norwalk on the east, the Merritt Parkway on the north, and Long Island Sound to the south. Darien is solely responsible for the operation and maintenance of all of its pumping stations, its collection system, and all border crossings.

The Interlocal Agreement between the SWPCA and Darien signed on July 26, 2019 and effective October 1, 2018, which replaced the previous agreement dating from 2013, provides a formula for compensation to the SWPCA for the cost of operation and maintenance of SWPCA’s treatment plant and collection sewers which convey Darien’s wastewater. Based on this formula, Darien was responsible for 15.8% of such costs in the fiscal year ended June 30, 2019. A portion of the cost of capital improvements to the SWPCA’s treatment plant was similarly paid by Darien using the same cost sharing ratio. The total payment by Darien was based on its share of the SWPCA’s operating and maintenance costs and capital investment amounts, plus any adjustments to the previous year’s bill.

Physical Assets

The physical assets of the SWPCA include 23 wastewater pumping stations, about 250 miles of sanitary sewers, and the wastewater treatment facility.

Management and Organization

The SWPCA Board of Directors (the “Board”) consists of nine members. By ordinance, the Board includes the City’s Director of Administration and Director of Operations, the Chairman of the Board of Finance (or his/her designee), the President of the Board of Representatives (or his/her designee), and five at-large members, one of whom must be a financial professional and another an engineer.

The Mayor, with the approval of the Board of Representatives, appoints the City’s Directors of Administration and Operations. SWPCA Board members from the Board of Finance and the Board of Representatives are elected in citywide elections. The five at-large Board members are recommended by either the Democratic or Republican Town Committee and interviewed by the Mayor, who then recommends their appointment to the Board of Representatives for its approval.

Each of the at-large Board members is appointed for a three-year term. There are no term limits; therefore, at-large members may serve multiple terms.

The members of the Board on June 30, 2019 were:

Michael E. Handler, Director of Administration and Chairman
Daniel E. Capano, At-Large and Vice Chairman
Mark McGrath, Director of Operations
Kieran Ryan, Board of Finance
Monica DiCostanzo, Board of Representatives
Cristina Andreana, At-Large (financial professional)
Merritt Nesin, At-Large (engineer)
Edward Kelly, At-Large
Robert Barocas, At-Large

William P. Brink, P.E., BCEE is SWPCA's Executive Director, a position he has held since March of 2013.

Rates and Charges

The SWPCA, through its Board of Directors, is responsible for setting the sewer use charge billing rate and imposing other fees and charges for all of its customers in Stamford. The Board requires that rates be maintained at levels sufficient to pay for operating and maintenance costs of the collection and treatment system, to pay debt service on outstanding debt, and to provide for appropriate reserves. The SWPCA bills its ratepayers semiannually, in October and April, and it bills Darien annually, typically in November.

Capital Improvement Plan

The SWPCA continues to execute its long-term capital improvement plan and is in the process of conducting engineering studies and designs in conjunction with its construction and equipment upgrade / replacement projects. These are detailed in the Management Discussion and Analysis section of this financial report.

Respectfully Submitted,



Michael E. Handler
Chairman
SWPCA Board of Directors



FINANCIAL SECTION

Independent Auditors' Report

The City of Stamford
Board of Finance
Stamford Water Pollution Control Authority
Stamford, Connecticut

We have audited the accompanying financial statements of the Stamford Water Pollution Control Authority (the SWPCA) (an Enterprise Fund of the City of Stamford, Connecticut) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the SWPCA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SWPCA as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the SWPCA and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut, as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SWPCA's basic financial statements. The letter of transmittal, budgetary comparison information, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The transmittal letter and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 30, 2019

STAMFORD WATER POLLUTION CONTROL AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2019

This discussion and analysis of the Stamford Water Pollution Control Authority ("SWPCA") is intended to provide an overview of the SWPCA's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the letter of transmittal and the financial statements that follow this section.

Financial Highlights

- As of June 30, 2019, the SWPCA's total assets and deferred outflows of resources (\$212.4 million) exceeded its total liabilities and deferred inflows (\$120.9 million), resulting in total net position of \$91.5 million. Net position increased \$8.2 million versus the prior year-end period primarily due to an increase in unrestricted net position (\$7.1 million) and an increase in net position restricted for Debt Service (\$2.4 million) offset by a decrease in net investment in capital assets (\$1.3 million).
- Operating revenues in fiscal 2019 were \$27.5 million, compared to \$24.7 million in the prior year primarily reflecting an increase in Sewer Use Charges (\$1.1 million), Fees and Other Income (\$1.7 million) and Contract Revenue – Aquarian (\$0.1 million). Operating expenses were \$19.9 million versus \$19.2 million the prior year. Operating income was \$7.7 million as compared to \$5.5 million in the prior year.
- As noted above, total net position increased \$8.2 million (9.8%), to \$91.5 million. The unrestricted part of net position increased to \$34.0 million and represents approximately 124% of operating revenue, compared to approximately 109% in the prior year.
- Current assets increased by \$7.3 million, primarily reflecting an increase in unrestricted cash and investments (\$5.1 million) and an increase in other accounts receivable (\$2.0 million) primarily due to an increase in the Nitrogen Credit. Days sales outstanding ("DSO") for the gross usage charges accounts receivable decreased by 5 days to 53 days.
- Current liabilities increased by \$7.5 million, primarily due to an increase in the current portion of bonds payable (\$6.3 million) and an increase in accounts payable, accrued liabilities and accrued interest (\$1.2 million).
- Long term debt outstanding – including general obligation bonds, revenue bonds, and notes payable – increased by \$11.1 million to \$109.8 million as of June 30, 2019 reflecting a new revenue bond issue (\$18.2 million) offset by debt service principal payments of \$7.1 million. The SWPCA's outstanding debt is rated AA+ by Standard & Poor's and AA+ by Fitch Ratings.
- The SWPCA's capital assets, net of accumulated depreciation, decreased by about \$3.3 million to \$131.8 million versus the prior period. Depreciation expense of \$6.1 million was offset by capital asset additions of \$2.8 million during the fiscal year. The SWPCA's capital assets and available operating capacity are considered sufficient to meet the City of Stamford's (the "City's") currently foreseeable needs for the SWPCA's services. \$20.8 million of unexpended bond proceeds from the 2019, 2015 and 2013 debt issuances is available to fund authorized capital projects.
- The SWPCA continues to use the City for certain back-office support services such as payroll, accounts payable, procurement, IT tech support, etc., which would not be cost efficient to implement internally at the present time. The City is reimbursed for the cost of these support services.

Overview of the Financial Statements

The SWPCA's financial statements are comprised of: 1) basic financial statements, including a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows; 2) Notes to Financial Statements; and 3) Required Supplementary Information. The Schedule of Revenues and Expenses on a Budgetary Basis, transmittal letter and statistical section are presented for purposes of additional analysis. The accompanying statistical section provides trend comparisons of selected financial and non-financial information over a number of years.

The SWPCA's financial statements are designed to provide readers with a general understanding of the SWPCA's finances in a manner similar to those for a private-sector business. All the resources which the SWPCA has at its disposal are reported, including major capital assets such as buildings, equipment and infrastructure. In addition, a thorough accounting of the costs of the SWPCA's operations is provided.

Statement of Net Position.

The Statement of Net Position presents information on all of the SWPCA's assets, deferred inflows of resources and liabilities, with the difference reported as net position.

Statement of Revenues, Expenses and Changes in Net Position.

The Statement of Revenues, Expenses and Changes in Net Position present information regarding the SWPCA's changes in net position during the most recent fiscal year on an accrual basis.

Statement of Cash Flows.

The Statement of Cash Flows presents information on where cash came from and how it was used.

The financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) are presented on pages 13-15 of this report.

Notes to the Financial Statements.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are presented on pages 16-35 of this report.

Annual Revenue and Expense Budgets

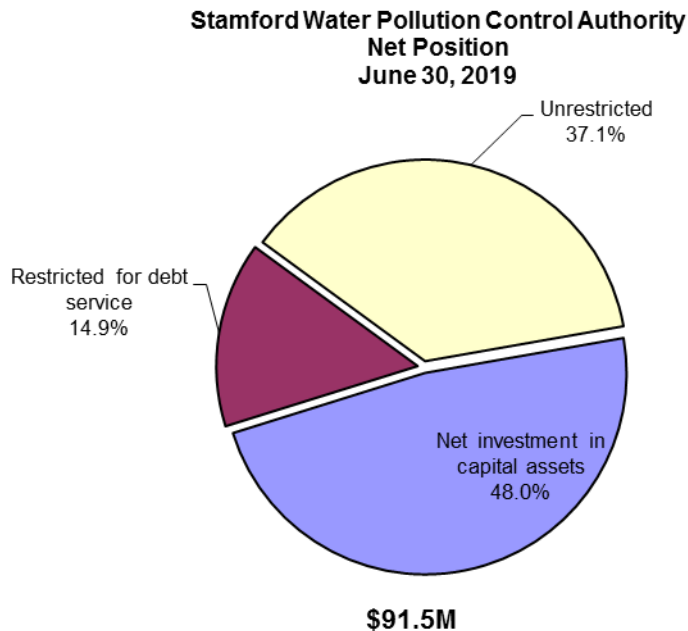
The Board of Directors of SWPCA and the City's Board of Finance and Board of Representatives review and approve annual revenue and expense budgets for the SWPCA. From a reporting standpoint, the SWPCA is reported as an Enterprise Fund. Budgetary comparison statements are provided to demonstrate compliance with the authorized budget and are presented on pages 36-37 of this report.

Financial Analysis

The SWPCA's total net position (excess of assets over liabilities) was \$91.5 million at June 30, 2019. The SWPCA's unrestricted net position increased by approximately \$7.1 million to approximately \$34.0 million at June 30, 2019 and provided additional financial flexibility to meet the needs of the SWPCA's customers and creditors.

**Stamford Water Pollution Control Authority
Net Position (in Thousands)**

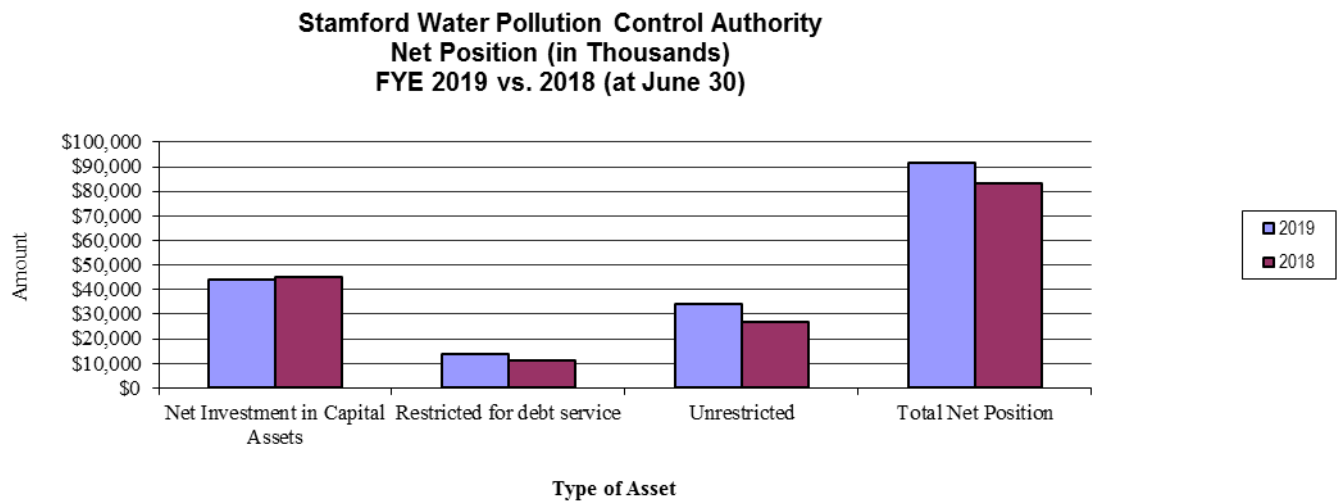
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current Assets	\$ 34,874	\$ 27,608	\$ 7,266	
Restricted Cash	34,414	18,925	15,489	
Non-Current Assets (special assessments)	8,955	7,997	958	
Capital Assets (net of depreciation)	<u>131,805</u>	<u>135,079</u>	<u>(3,274)</u>	
Total Assets	<u>210,048</u>	<u>189,609</u>	<u>20,439</u>	
Deferred Outflows of Resources:	<u>2,338</u>	<u>2,026</u>	<u>312</u>	
Current Liabilities	16,344	8,840	7,504	
Long-term Liabilities	<u>102,919</u>	<u>98,922</u>	<u>3,997</u>	
Total Liabilities	<u>119,263</u>	<u>107,762</u>	<u>11,501</u>	
Deferred Inflows of Resources:	<u>1,622</u>	<u>527</u>	<u>1,095</u>	
Net Position:				
Net investment in capital assets	43,877	45,196	(1,319)	-2.9%
Restricted for Debt Service	13,609	11,247	2,362	21.0%
Unrestricted	<u>34,015</u>	<u>26,903</u>	<u>7,112</u>	26.4%
Total Net Position	<u>\$ 91,501</u>	<u>\$ 83,346</u>	<u>\$ 8,155</u>	10.0%



A common measure of liquidity is the current ratio (current assets divided by current liabilities); it helps determine whether, over the next year, the SWPCA will have sufficient cash and readily liquid assets on hand to finance its short term cash requirements. As of June 30, 2019, the SWPCA's current ratio was 2.13 to 1 as compared to 3.12 to 1 at the prior year-end.

In fiscal year 2019, net working capital (current assets minus current liabilities) decreased by \$0.2 million to \$18.5 million, primarily reflecting increases of \$5.1 million in unrestricted cash and investments and \$2.2 million in accounts receivable (\$1.9 million of which was due to an increase in the Nitrogen Credit) offset by increases in accounts payable, accrued expenses and accrued interest (\$1.2 million) and an increase in the current portion of bonds and notes payable of \$6.3 million. During the past year, the SWPCA has maintained a positive pooled cash balance; ending the year at \$13.9 million and with the month-end balance never dropping below \$7.1 million. The SWPCA's goal is to continue to improve its financial position and generate cash flows that are sufficient to meet its infrastructure repair and replacement needs. Steps taken have included:

- Increasing the sewer use charge billing rate for the October 2018 and April 2019 billing cycles
- Budgeting for an increase in cash reserves of \$1.0 million in fiscal year 2019 and ending the fiscal year with an increase of \$1.3 million



Net Position – Net Investment in Capital Assets.

At June 30, 2019, the largest portion of the SWPCA's \$91.5 million in net position (approximately 48%) relates to its investment in capital assets (land, buildings, machinery, equipment, etc.), net of accumulated depreciation, unexpended bond proceeds, and any other outstanding debt used to acquire those assets. The SWPCA uses these capital assets to provide services to its customers; consequently, these assets cannot be readily liquidated and are not available to fund future spending needs and the resources needed to repay this debt must be provided from other sources (sewer use charges, fees and other income, etc.).

Net Position – Restricted.

A portion of the SWPCA net position is restricted for debt service. Cash balances are held in restricted trust accounts in accordance with the indenture requirements related to the 2013, 2015 and 2019 bond issuances. Of the SWPCA's \$91.5 million in total net position as of June 30, 2019, \$13.6 million (approximately 15% of the total), was restricted and may not be used to fund the SWPCA's day-to-day operations.

Net Position – Unrestricted.

Of the SWPCA's total net position at June 30, 2019, \$34.0 million, or approximately 37%, was unrestricted and available to be used to meet the SWPCA's obligations to customers, creditors, and day-to-day operations.

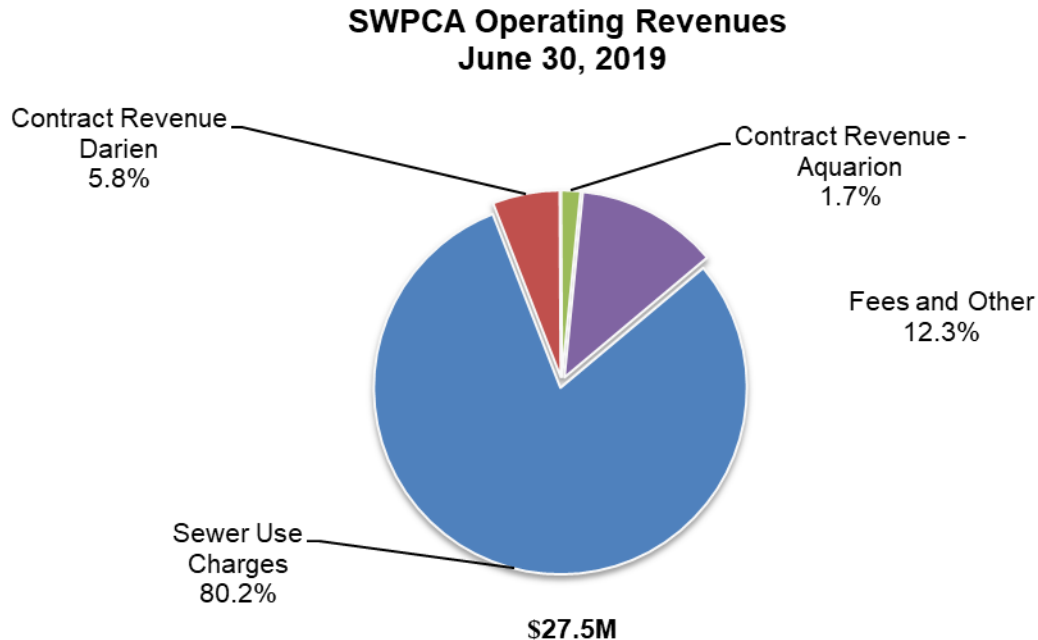
**Statement of Revenues
Expenses and Other Changes
in Net Position (in Thousands)**

	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>\$ Change</u>
Operating revenues	\$ 27,550	\$ 24,708	\$ 2,842
Operating expenses	19,875	19,229	646
Net Operating Income	<u>7,675</u>	<u>5,480</u>	<u>2,196</u>
Nonoperating revenue (expenses)	824	272	551
Capital contributions - Grant	77	191	(114)
Transfers out	<u>(421)</u>	<u>(455)</u>	<u>34</u>
Change in Net Assets	8,155	5,488	2,666
Net position - beginning of year	<u>83,346</u>	<u>77,858</u>	<u>5,488</u>
Net Position - End of Year	<u><u>\$ 91,501</u></u>	<u><u>\$ 83,346</u></u>	<u><u>\$ 8,155</u></u>

Operating Revenues and Expenses

Revenues.

In fiscal year 2019, the SWPCA's operating revenue included sewer use charges for both City and Town of Darien customers that were approximately 86% of total operating revenue and Aquarion contract revenue, fees and other income were approximately 14% of total operating revenue.



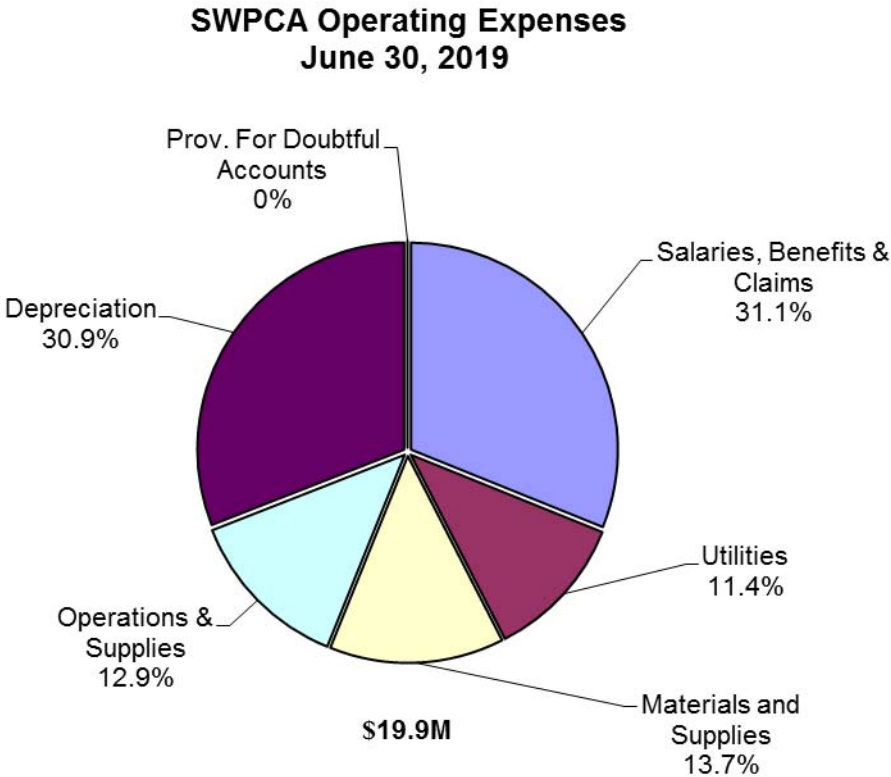
The original fiscal year 2019 revenue estimate for sewer use charges was \$20.6 million prior to actual consumption data being available. At the annual rate setting meeting, adjustments were made to account for collection rate assumptions, estimates of other revenue, and indenture requirements for debt service coverage. Based on these adjustments, the sewer use charge billing rate was set at \$5.00 per CCF, resulting in an annual billing, and an adjusted original budget, of \$21.1 million (based on assumed consumption of 4.32 million CCFs). After adjustments (e.g., off-cycle charges, cancel/rebill charges), the amount of revenue billed in fiscal year 2019 based on actual consumption of 4.25 million CCFs was \$21.2 million.

Fiscal year 2019 operating revenues totaled \$27.6 million (as compared to \$24.7 million the prior year) and included sewer use charges, lien fees and interest (\$22.6 million), contract revenues (\$1.6 million and \$0.5 million, from Darien and Aquarion, respectively), and fees and other income (\$2.9 million, with the largest portion of this amount being attributable to revenue from the State of Connecticut’s nitrogen credit trading program).

Despite the challenging economic environment, the collection rate for sewer use charges during fiscal year 2019 was approximately 98% (same as the prior year).

Expenses.

In fiscal year 2019, the SWPCA’s operating expenses totaled \$19.9 million (as compared to \$19.2 million the prior year), and consisted of salaries, employee benefits and claims (\$6.2 million), utilities costs (\$2.3 million), materials and supplies (\$2.7 million), operations and supplies (\$2.6 million) and depreciation (\$6.1 million).



Net Non-Operating Revenue (Expense), Capital Contributions and Transfers Out.

The SWPCA's fiscal year 2019 non-operating revenue of \$4.4 million included special assessments and connection charges (\$2.5 million), capital reimbursements from Darien (\$1.1 million), interest income (\$.7 million) and Connecticut Clean Water Grant funds (\$.1 million); non-operating expense and transfers out was primarily interest expense (\$3.5 million) and transfers to the City (\$.4 million). Additional information on revenue and expense budgetary information is contained in the Supplementary and Other Information section of the financial statements.

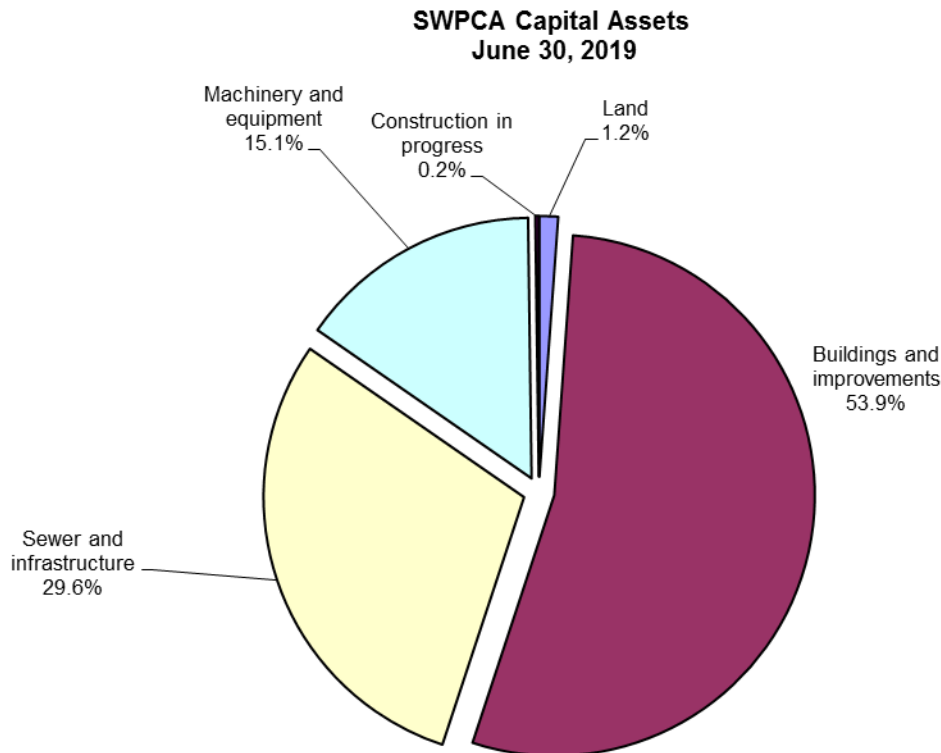
Capital Assets

As of June 30, 2019, the SWPCA had total capital assets, net of accumulated depreciation, of approximately \$131.8 million, as follows:

**Stamford Water Pollution Control Authority
Capital Assets (in Thousands)**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Change</u>
Land	\$ 2,833	\$ 2,833	\$ -
Buildings and improvements	133,291	130,912	2,379
Sewer and infrastructure	73,065	72,603	462
Machinery and equipment	37,421	37,421	-
Construction in progress	527	493	34
Subtotal	<u>247,137</u>	<u>244,262</u>	<u>2,875</u>
Less accumulated depreciation	<u>(115,332)</u>	<u>(109,183)</u>	<u>(6,149)</u>
Total	<u>\$ 131,805</u>	<u>\$ 135,079</u>	<u>\$ (3,274)</u>

Additional information on capital assets is presented in Note 4 on page 22 of this report.



SWPCA Capital Projects.

The SWPCA typically manages multiple concurrent capital projects. The projects are categorized as engineering studies, engineering design, building construction and equipment replacement (or upgrades), and sanitary sewer systems repairs or extensions. Capital projects completed or ongoing during the fiscal year ended June 30, 2019 were as follows:

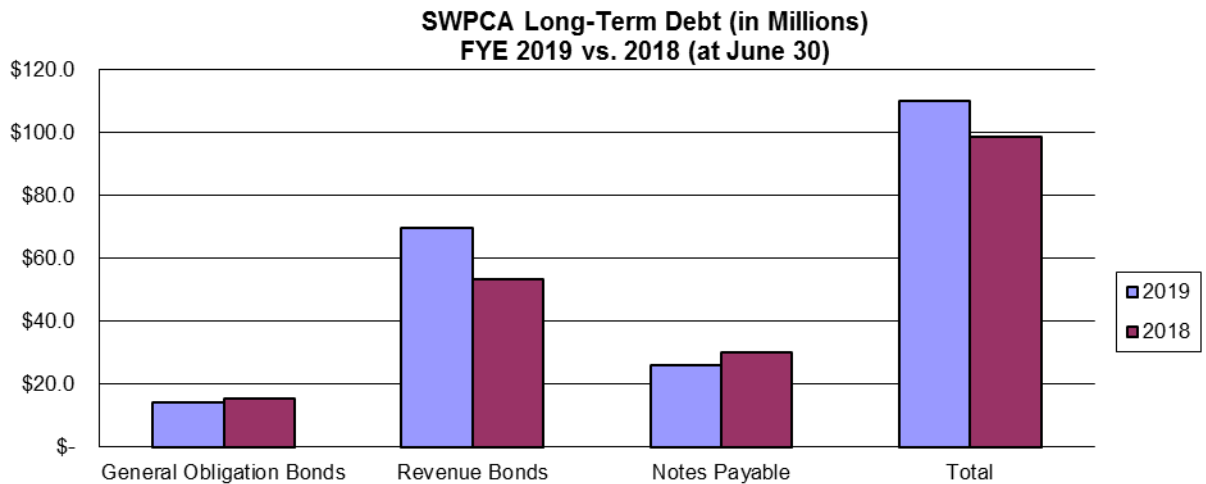
- Construction of the upgrade of the Dyke Lane Storm Water Pump Station consisting of new electrical switch gear and a new 2,000 kW emergency power generator was completed.
- Design of the upgrade of the Water Pollution Control Facility's (WPCF's) Raw Sewage Pump Station, Ultra-violet (UV) Disinfection System, and Improvements to the Secondary Treatment Process was completed; the project was bid for construction, and the construction contract executed with construction to begin in July 2019.
- Construction of effluent launder covers on the WPCF's Final Clarifiers Nos. 1, 2 and 4 is ongoing.
- Design of the upgrade of the WPCF's Primary Sludge Pumps and Sludge Degritting System is ongoing.
- The WPCF's two (2) Gravity Belt Filters and one (1) (of three (3)) Belt Filter Press were completely rebuilt with new rollers, parts and equipment.
- A program to identify and remove extraneous water entering the sanitary sewer system, known as Infiltration and Inflow (I/I), is ongoing. Sewer system sub-areas having the greatest amount of I/I have been identified and prioritized for further evaluation using CCTV sewer inspection, smoke and dyed water testing to identify the source(s) of I/I. I/I is then removed through various sewer and manhole rehabilitation methods including lining, grouting of leaking cracks and joints, and when necessary, replacement.
- Cleaning and inspection of the sanitary sewer system is ongoing, and sanitary sewers identified as needing repair were either replaced or lined.
- Replacement of pumps that have exceeded their useful life in various pumping stations in the sanitary sewer system is ongoing.
- Major equipment including pumps, mixers and motors were replaced at the WPCF as needed.
- Very importantly, improvements to the Odor Control systems at the WPCF are ongoing and fugitive odors have been significantly reduced.

Debt Outstanding

As of June 30, 2019, the SWPCA had bonds and notes payable outstanding of approximately \$109.8 million, as follows:

Stamford Water Pollution Control Authority Debt Outstanding (in Millions)

	2019	% of Total	2018	% of Total
General Obligation Bonds	\$ 14.1	12.9%	\$ 15.6	15.8%
Revenue Bonds	\$ 69.8	63.6%	\$ 53.2	53.9%
Notes Payable	\$ 25.9	23.5%	\$ 29.9	30.3%
Total	\$ 109.8	100.0%	\$ 98.7	100.0%



The SWPCA'S total debt outstanding – including current and long-term general obligation bonds, revenue bonds, and notes payable – increased by \$11.1 million to \$109.8 million as of June 30, 2019. This increase reflects a new revenue bond Issue totaling \$18.2 million offset by repayments of bonds and notes payable of \$7.1 million. Additional information on debt outstanding is presented in Note 6 of this report on pages 23-28.

Organization of SWPCA Operations

The SWPCA's organization includes three divisions, as follows:

Administration:

Responsible for the overall management of the SWPCA, including technical decisions, operational supervision, financial management (including billing and collections), planning, procurement, management of capital projects and various other administrative duties.

Process:

Responsible for ensuring that the SWPCA's facilities are operated effectively and meet all state and federal requirements. Activities within this division include wastewater treatment, sludge processing and laboratory services.


Maintenance:

Responsible for the maintenance of the SWPCA's facilities, including property and equipment, pumping stations and sanitary sewer maintenance.

As of June 30, 2019, the SWPCA had 40 full-time equivalent employees versus 43 in the prior year.

Requests for Information

This financial report is designed to provide a general understanding of the SWPCA's most recent financial statements which will be available on the City web site at www.stamfordct.gov. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael E. Handler, Chairman of the SWPCA, at 111 Harbor View Ave., Stamford, CT 06902. Mr. Handler is also the City's Director of Administration (MHandler@stamfordct.gov), and maintains an office at 888 Washington Boulevard, Stamford, CT 06901.



BASIC
FINANCIAL
STATEMENTS

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 14,567,818	\$ 10,661,738
Investments	7,737,934	6,582,312
Accounts receivable:		
Usage charges, net of allowance for doubtful accounts of \$2,000,000	1,467,770	1,643,444
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000	2,116,892	1,743,527
Other receivables	2,792,180	785,181
Due from other funds	6,181,603	6,181,603
Other current assets	9,902	9,902
Total current assets	<u>34,874,099</u>	<u>27,607,707</u>
Noncurrent:		
Restricted cash and cash equivalents	34,413,725	18,925,036
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000	8,954,779	7,996,588
Capital assets not being depreciated	3,359,901	3,325,455
Capital assets being depreciated, net of depreciation	128,445,037	131,753,605
Total noncurrent assets	<u>175,173,442</u>	<u>162,000,684</u>
Total assets	<u>210,047,541</u>	<u>189,608,391</u>
Deferred Outflows of Resources:		
Deferred amounts on refunding	1,080,866	1,123,048
Deferred outflows related to pension	509,215	627,218
Deferred outflows related to OPEB	747,780	275,396
Total deferred outflows of resources	<u>2,337,861</u>	<u>2,025,662</u>
Liabilities:		
Current:		
Accounts payable	1,888,322	1,237,056
Accrued liabilities	211,268	99,807
Accrued interest payable	901,164	470,441
Unearned revenue	117,998	94,974
Current portion of bonds payable	8,835,072	2,627,797
Current portion of notes payable	4,159,858	4,077,555
Current portion of compensated absences	229,829	230,308
Total current liabilities	<u>16,343,511</u>	<u>8,837,938</u>
Noncurrent liabilities:		
Bonds payable	75,119,635	66,119,397
Notes payable	21,699,297	25,859,155
Compensated absences	121,837	126,306
Net pension liability	1,852,190	3,028,099
Net OPEB liability	4,125,639	3,789,497
Total noncurrent liabilities	<u>102,918,598</u>	<u>98,922,454</u>
Total liabilities	<u>119,262,109</u>	<u>107,760,392</u>
Deferred Inflows of Resources:		
Deferred inflows related to pension	681,246	168,467
Deferred inflows related to OPEB	941,151	358,910
Total deferred inflows of resources	<u>1,622,397</u>	<u>527,377</u>
Net Position:		
Net investment in capital assets	43,876,731	45,195,754
Restricted for debt service	13,608,936	11,247,486
Unrestricted	<u>34,015,229</u>	<u>26,903,044</u>
Total Net Position	<u>\$ 91,500,896</u>	<u>\$ 83,346,284</u>

The accompanying notes are an integral part of the financial statements

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Sewer use charges	\$ 24,665,768	\$ 23,556,163
Fees and other income	2,884,283	1,152,017
Total operating revenues	<u>27,550,051</u>	<u>24,708,180</u>
Operating Expenses:		
Salaries	4,204,634	4,219,088
Employee benefits and claims	1,977,481	2,334,168
Operations and supplies	7,543,299	6,704,378
Depreciation	6,149,285	5,971,043
Total operating expenses	<u>19,874,699</u>	<u>19,228,677</u>
Operating Income	<u>7,675,352</u>	<u>5,479,503</u>
Nonoperating Revenue (Expense):		
Special assessments, connection charges, and other	3,624,079	3,398,245
Interest income and change in investment value	721,592	193,801
Interest expense	(3,522,162)	(3,319,771)
Net nonoperating revenue	<u>823,509</u>	<u>272,275</u>
Income Before Capital Contributions and Transfers	8,498,861	5,751,778
Capital contributions - Grant	76,832	191,031
Transfers Out	<u>(421,081)</u>	<u>(454,666)</u>
Change in Net Position	8,154,612	5,488,143
Net Position - Beginning of Year	<u>83,346,284</u>	<u>77,858,141</u>
Net Position - End of Year	<u>\$ 91,500,896</u>	<u>\$ 83,346,284</u>

The accompanying notes are an integral part of the financial statements

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 25,741,750	\$ 24,432,984
Payments to suppliers	(6,780,572)	(7,437,160)
Payments to employees	(4,209,582)	(4,216,490)
Payments for benefits and claims	(2,076,609)	(2,091,503)
Net cash provided by operating activities	<u>12,674,987</u>	<u>10,687,831</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	(421,081)	(454,666)
Net cash used in noncapital financing activities	<u>(421,081)</u>	<u>(454,666)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital grants	76,832	191,031
Proceeds from debt	15,700,000	
Principal payments on debt	(6,705,352)	(6,391,566)
Premium on bonds	2,486,628	
Interest paid on debt and other sources and uses	(3,400,575)	(3,555,886)
Special assessments, connection charges, and other	2,292,523	6,111,251
Purchase of capital assets	(2,875,163)	(5,698,614)
Net cash provided by (used in) capital and related financing activities	<u>7,574,893</u>	<u>(9,343,784)</u>
Cash Flows from Investing Activities:		
Interest received on investments	721,592	193,801
Sale (purchase) of investments	(1,155,622)	(3,560,513)
Net cash provided by (used in) investing activities	<u>(434,030)</u>	<u>(3,366,712)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,394,769	(2,477,331)
Cash and Cash Equivalents - Beginning of Year (including restricted cash and cash equivalents)	<u>29,586,774</u>	<u>32,064,105</u>
Cash and Cash Equivalents - End of Year (including restricted cash and cash equivalents)	<u>\$ 48,981,543</u>	<u>\$ 29,586,774</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 7,675,352	\$ 5,479,503
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,149,285	5,971,043
Changes in assets and liabilities:		
(Increase) decrease in usage charges	175,674	(166,088)
(Increase) decrease in other receivables	(2,006,999)	(18,961)
(Increase) decrease in deferred outflows of resources	(354,381)	(199,459)
Increase (decrease) in accounts payable	651,266	(347,708)
Increase (decrease) in accrued liabilities	111,461	(385,074)
Increase (decrease) in unearned revenues	23,024	(90,147)
Increase (decrease) in compensated absences	(4,948)	2,598
Increase (decrease) in net pension liability	(1,175,909)	488,714
Increase (decrease) in net OPEB liability	336,142	(138,479)
Increase (decrease) in deferred inflows of resources	<u>1,095,020</u>	<u>91,889</u>
Net Cash Provided by Operating Activities	<u>\$ 12,674,987</u>	<u>\$ 10,687,831</u>

The accompanying notes are an integral part of the financial statements

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Ordinance Number 803, adopted November 6, 1996 (the Ordinance), pursuant to Chapter 103, Sections 7-245 through 7-273a, inclusive, of the Connecticut General Statutes created the Stamford Water Pollution Control Authority (the SWPCA) to operate the Water Pollution Control Facility, sanitary sewage system, wastewater pumping stations and hurricane barrier for the City of Stamford, Connecticut (the City). The SWPCA operations are financed primarily through direct charges to the users of its services. The SWPCA is exempt from federal, state and local income taxes. The SWPCA relies on the City for certain administrative and financial support as detailed elsewhere in the notes to the financial statements.

The SWPCA is presented as a business-type activity in the City's basic financial statements. The accompanying financial statements present only the SWPCA fund and do not purport to, and do not, present the financial position of the City or the changes in the City's financial position and cash flows.

B. Basis of Presentation

The accounts of the SWPCA are organized on the basis of an enterprise fund, which is considered a separate accounting entity. The operations of the fund are accounted for through a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

C. Basis of Accounting

The SWPCA utilizes the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when a liability is incurred.

D. Cash and Cash Equivalents

For purposes of reporting cash flows, the SWPCA considers all highly liquid investments with an original maturity term of three months or less when purchased to be cash equivalents. Under a long-standing arrangement with the City, the SWPCA shares in a pooled cash account controlled by, and in the name of, the City. The SWPCA's share of this pooled cash account was \$13,882,978 and \$10,111,882 at June 30, 2019 and 2018, respectively. The SWPCA's own unrestricted cash and cash equivalents balance was \$684,840 and \$549,856 at June 30, 2019 and 2018, respectively.

E. 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. Recoveries of accounts receivable previously written off are recorded when received.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

F. Capital Assets

Property, plant and equipment are stated at cost. 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 over the following estimated useful lives:

	<u>Years</u>
Sewer and infrastructure	50-100
Buildings and improvements	25-50
Equipment	5-20

The SWPCA capitalizes interest during the period of construction.

G. 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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The SWPCA reports a deferred amount on refunding and deferred outflows related to pension and OPEB in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees). Difference between projected and actual earnings on pension and OPEB plan investments are recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources were reported as they related to pension and OPEB. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

H. Compensated Absences

Under terms of the bargaining unit agreements, employees are awarded vacation on July 1 of each year based on years of service, and can accumulate up to 45-60 days of unused vacation, depending upon their specific union contract. 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.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

I. Net Pension Liability

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

J. Net OPEB Liability

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

K. Operating Revenues and Expenses

Revenues are based on the SWPCA's authorized sewer use charge billing rate per hundred cubic feet of customer consumption of water and other fee and charges. The SWPCA accrues an estimate for services delivered but not billed at the end of each fiscal year. The SWPCA distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues result from charges to customers for sewer treatment and related services. Operating expenses include the cost of operations, consisting of facility employees' salaries and benefits, work related and legal claims, utilities, materials and supplies, maintenance, sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating or as transfers.

Interest is levied on accounts that are 30 days past due. The SWPCA has the authority to, and does routinely, file liens on past due accounts. The liens are subordinate only to property taxes upon the transfer of the lien properties.

The SWPCA also has an agreement with the Town of Darien (Darien) for certain sewage treatment services it provides. Darien is billed annually for wastewater conveyance and treatment at the SWPCA's treatment facility.

L. Special Assessments and Connection Charges

Special assessments are fees assessed by the SWPCA for new sewer lines. Interest is charged on the special assessments outstanding receivable balances at an annual rate set by the SWPCA at the time the special assessments are assessed. Connection charges are fees assessed for new connections to existing sewer lines. No interest is charged on connection charges. Accordingly, connection charges

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

are recorded net of an imputed interest charge. Amounts receivable for special assessments and connection charges are stated net of interest and imputed interest. Interest is recognized as it is earned over the period of collection. The special assessments and the connection charges are generally payable over periods of 10 to 20 years.

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the SWPCA or through external restrictions imposed by creditors, grantors or laws or regulation of other governments.

The SWPCA has cash restricted for debt service requirements in accordance with the terms of the outstanding revenue bonds (see Note 2).

N. Accounting 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 of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 30, 2019.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash Equivalents

As of June 30, 2019 and 2018, cash and cash equivalents, including balances restricted for repayment of principal and interest on state loans and for capital improvements, consist of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 14,567,818	\$ 10,661,738
Restricted cash and cash equivalents	<u>34,413,725</u>	<u>18,925,036</u>
	<u>\$ 48,981,543</u>	<u>\$ 29,586,774</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Responsibility for custodial credit risks of deposits rests with the City; accordingly, separate disclosure is not possible. Disclosure of the City's custodial credit risk of deposits is contained in the City's basic financial statements.

The restricted cash balance at June 30, 2019 and 2018 was restricted in accordance with the terms of various outstanding debt of the SWPCA (Note 5).

B. Investments

As of June 30, 2019 and 2018, the SWPCA had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
<u>June 30, 2019</u>					
Interest-bearing investments:					
U.S. Government Securities	Aaa	\$ <u>7,737,934</u>	\$ <u>7,737,934</u>	\$ <u>-</u>	\$ <u>-</u>
<u>June 30, 2018</u>					
Interest-bearing investments:					
U.S. Government Securities	Aaa	\$ <u>6,582,312</u>	\$ <u>6,582,312</u>	\$ <u>-</u>	\$ <u>-</u>

The SWPCA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The City has the following recurring fair value measurements as of June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
U.S. Government Securities	\$ <u>7,737,934</u>	\$ <u>7,737,934</u>	\$ <u>-</u>	\$ <u>-</u>
<u>June 30, 2018</u>				
Investments by Fair Value Level:				
U.S. Government Securities	\$ <u>6,582,312</u>	\$ <u>6,582,312</u>	\$ <u>-</u>	\$ <u>-</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. SPECIAL ASSESSMENTS AND CONNECTION CHARGES RECEIVABLE

The following is a summary of special assessments and connection charges receivable at June 30:

	2019			
	<u>New Sewer Line Charges</u>	<u>Connection Charges</u>	<u>Total</u>	<u>Due Within One Year</u>
Due in the year ending June 30:				
2020 *	\$ 373,458	\$ 1,686,860	\$ 2,060,318	\$ 2,060,318
2021	158,497	1,184,616	1,343,113	
2022	153,418	1,158,538	1,311,956	
2023	96,949	1,136,960	1,233,909	
2024	93,344	1,113,690	1,207,034	
Thereafter	<u>332,584</u>	<u>7,245,153</u>	<u>7,577,737</u>	
	1,208,250	13,525,817	14,734,067	2,060,318
Less imputed interest		<u>(3,218,970)</u>	<u>(3,218,970)</u>	
Receivable Before Interest and Lien Fees Receivable and Allowance for Doubtful Accounts	<u>\$ 1,208,250</u>	<u>\$ 10,306,847</u>	11,515,097	2,060,318
Plus related interest and lien fees receivable			556,574	556,574
Less allowance for doubtful accounts			<u>(1,000,000)</u>	<u>(500,000)</u>
Special Assessment and Connection Charges Receivable, Net			<u>\$ 11,071,671</u>	<u>\$ 2,116,892</u>

	2018			
	<u>New Sewer Line Charges</u>	<u>Connection Charges</u>	<u>Total</u>	<u>Due Within One Year</u>
Due in the year ending June 30:				
2019 *	\$ 376,011	\$ 1,395,575	\$ 1,771,586	\$ 1,771,587
2020	169,369	1,012,343	1,181,712	
2021	168,200	1,009,462	1,177,662	
2022	161,948	981,630	1,143,578	
2023	103,205	959,455	1,062,660	
Thereafter	<u>450,854</u>	<u>6,202,227</u>	<u>6,653,081</u>	
	1,429,587	11,560,692	12,990,279	1,771,587
Less imputed interest		<u>(2,722,104)</u>	<u>(2,722,104)</u>	
Receivable Before Interest and Lien Fees Receivable and Allowance for Doubtful Accounts	<u>\$ 1,429,587</u>	<u>\$ 8,838,588</u>	10,268,175	1,771,587
Plus related interest and lien fees receivable			471,940	471,940
Less allowance for doubtful accounts			<u>(1,000,000)</u>	<u>(500,000)</u>
Special Assessment and Connection Charges Receivable, Net			<u>\$ 9,740,115</u>	<u>\$ 1,743,527</u>

* Includes past due amounts from prior years.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4. CAPITAL ASSETS

A summary of capital assets is as follows as of June 30:

	2019			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,833,278	\$	\$	\$ 2,833,278
Construction in progress	492,177	34,446		526,623
Total capital assets not being depreciated	<u>3,325,455</u>	<u>34,446</u>	<u>-</u>	<u>3,359,901</u>
Capital assets being depreciated:				
Buildings and improvements	130,912,165	2,379,191		133,291,356
Sewer and infrastructure	72,603,169	461,526		73,064,695
Equipment	37,421,089			37,421,089
Total capital assets being depreciated	<u>240,936,423</u>	<u>2,840,717</u>	<u>-</u>	<u>243,777,140</u>
Less accumulated depreciation for:				
Buildings and improvements	53,654,123	4,184,936		57,839,059
Sewer and infrastructure	27,608,823	1,149,592		28,758,415
Equipment	27,919,872	814,757		28,734,629
Total accumulated depreciation	<u>109,182,818</u>	<u>6,149,285</u>	<u>-</u>	<u>115,332,103</u>
Total capital assets being depreciated, net	<u>131,753,605</u>	<u>(3,308,568)</u>	<u>-</u>	<u>128,445,037</u>
Capital Assets, Net	<u>\$ 135,079,060</u>	<u>\$ (3,274,122)</u>	<u>\$ -</u>	<u>\$ 131,804,938</u>
	2018			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,833,278	\$	\$	\$ 2,833,278
Construction in progress	475,284	16,893		492,177
Total capital assets not being depreciated	<u>3,308,562</u>	<u>16,893</u>	<u>-</u>	<u>3,325,455</u>
Capital assets being depreciated:				
Buildings and improvements	125,710,134	5,202,031		130,912,165
Sewer and infrastructure	72,155,793	447,376		72,603,169
Equipment	37,388,775	32,314		37,421,089
Total capital assets being depreciated	<u>235,254,702</u>	<u>5,681,721</u>	<u>-</u>	<u>240,936,423</u>
Less accumulated depreciation for:				
Buildings and improvements	49,636,053	4,018,070		53,654,123
Sewer and infrastructure	26,469,205	1,139,618		27,608,823
Equipment	27,106,517	813,355		27,919,872
Total accumulated depreciation	<u>103,211,775</u>	<u>5,971,043</u>	<u>-</u>	<u>109,182,818</u>
Total capital assets being depreciated, net	<u>132,042,927</u>	<u>(289,322)</u>	<u>-</u>	<u>131,753,605</u>
Capital Assets, Net	<u>\$ 135,351,489</u>	<u>\$ (272,429)</u>	<u>\$ -</u>	<u>\$ 135,079,060</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

5. RESTRICTED ASSETS

Pursuant to the Revenue Bond Indenture, certain funds are required to be maintained for purposes specified in the applicable agreement. The SWPCA's restricted assets were being maintained for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Clean Water Fund - Debt Service Reserve	\$ 4,430,758	\$ 4,428,686
2006 Debt Service Reserve Fund	2,022,932	1,989,910
2003 and 2006 Debt Service Funding Accrual	4,447,548	3,178,185
2012 Debt Service Reserve Fund	1,678,098	1,650,705
2013 Debt Service Service Account	1,029,600	
2013 Debt - unspent bond proceeds	6,450	116,434
2015 Debt - unspent bond proceeds	5,023,068	7,561,116
2019 Debt - unspent bond proceeds	<u>15,775,271</u>	
	<u>\$ 34,413,725</u>	<u>\$ 18,925,036</u>

6. LONG-TERM OBLIGATIONS

Long-term liability activity was as follows for the years ended June 30:

	<u>2019</u>				
	<u>Beginning</u>		<u>Reductions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>		<u>Balance</u>	<u>One Year</u>
Bonds payable:					
General obligation bonds	\$ 14,457,869		\$ 1,297,797	\$ 13,160,072	\$ 6,930,072
Unamortized premium	1,137,538		149,953	987,585	
Revenue bonds	49,240,000	15,700,000	1,330,000	63,610,000	1,905,000
Unamortized premium	3,911,787	2,486,628	201,365	6,197,050	
Total bonds payable	<u>68,747,194</u>	<u>18,186,628</u>	<u>2,979,115</u>	<u>83,954,707</u>	<u>8,835,072</u>
Notes payable:	29,936,710		4,077,555	25,859,155	4,159,858
Total bonds and notes payable	<u>98,683,904</u>	<u>18,186,628</u>	<u>7,056,670</u>	<u>109,813,862</u>	<u>12,994,930</u>
Compensated absences	356,614	225,360	230,308	351,666	229,829
Net OPEB liability	3,789,497	336,142		4,125,639	
Net pension liability	<u>3,028,099</u>		<u>1,175,909</u>	<u>1,852,190</u>	
Long-Term Liabilities	<u>\$ 105,858,114</u>	<u>\$ 18,748,130</u>	<u>\$ 8,462,887</u>	<u>\$ 116,143,357</u>	<u>\$ 13,224,759</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 10,440,728	\$ 5,312,000	\$ 1,294,859	\$ 14,457,869	\$ 1,297,797
Unamortized premium	116,175	1,034,777	13,414	1,137,538	
Revenue bonds	50,505,000		1,265,000	49,240,000	1,330,000
Unamortized premium	4,114,294		202,507	3,911,787	
Total bonds payable	<u>65,176,197</u>	<u>6,346,777</u>	<u>2,775,780</u>	<u>68,747,194</u>	<u>2,627,797</u>
Notes payable:	<u>33,933,591</u>		<u>3,996,881</u>	<u>29,936,710</u>	<u>4,077,555</u>
Total bonds and notes payable	99,109,788	6,346,777	6,772,661	98,683,904	6,705,352
Compensated absences	354,016	216,720	214,122	356,614	230,308
Net OPEB liability	3,927,976		138,479	3,789,497	
Net pension liability	<u>2,539,385</u>	<u>488,714</u>		<u>3,028,099</u>	
Long-Term Liabilities	<u>\$ 105,931,165</u>	<u>\$ 7,052,211</u>	<u>\$ 7,125,262</u>	<u>\$ 105,858,114</u>	<u>\$ 6,935,660</u>

A. General Obligation Bonds

Per Connecticut state law, the SWPCA does not have the authority to directly issue general obligation bonds. General obligation bonds issued on behalf of the SWPCA are considered general obligation debt of the City. The SWPCA pays the principal and interest due on its allocable portion of any City general obligation bonds.

The SWPCA's allocable portion of the City's general obligation bonds outstanding as of June 30, 2019 consisted of the following:

Description	Year of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2019	Outstanding June 30, 2018
Refunding bonds	2005	4.00 - 5.00 %	\$ 2,247,600	\$ 500,000	\$ 949,000
Refunding bonds	2009	3.25 - 5.00	1,073,431	225,072	483,869
Public improvement	2010	2.80 - 5.45	10,000,000	6,445,000	6,925,000
Refunding bonds	2010	4.00 - 5.00	408,000	408,000	408,000
Refunding bonds	2011	2.00 - 4.00	430,000	270,000	280,000
Refunding bonds	2013	2.00 - 5.00	1,342,884		100,000
Crossover Refunding	2018	4.00 - 5.00	5,312,000	<u>5,312,000</u>	<u>5,312,000</u>
Total				<u>\$ 13,160,072</u>	<u>\$ 14,457,869</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Aggregate debt service requirements subsequent to June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020 *	\$ 6,930,072	\$ 345,194	\$ 7,275,266
2021	837,000	275,520	1,112,520
2022	596,000	239,820	835,820
2023	614,000	209,645	823,645
2024	585,000	180,145	765,145
2025-2029	2,960,000	468,225	3,428,225
2030	638,000	12,760	650,760
Debt service requirement	<u>13,160,072</u>	<u>1,731,309</u>	<u>14,891,381</u>
Plus unamortized premium	<u>987,585</u>		<u>987,585</u>
 Total	 <u>\$ 14,147,657</u>	 <u>\$ 1,731,309</u>	 <u>\$ 15,878,966</u>

*Includes principal payments on a crossover refunding in the amount of \$5,950,000 for the SWPCA.

The SWPCA's share of interest expense incurred on general obligation bonds was \$422,100 and \$480,243 for the years ended June 30, 2019 and 2018, respectively.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

B. Revenue Bonds

Revenue bonds are special limited obligations of the City payable solely from revenues and other receipts of the SWPCA.

Revenue bonds outstanding consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Stamford Water Pollution Control System and Facility Revenue and Revenue Refunding Bonds - 2013. Issued in the aggregate amount of \$22,095,000, consisting of \$12,770,000 of revenue bonds and \$9,325,000 of Refunding Revenue Bonds, in August 2013 at interest rates ranging from 3.0% to 6.0%, due annually, on August 15. Debt service is paid to the trustee monthly, with principal maturity paid from August 2013 through August 2044. The aggregate includes unamortized premiums of \$1,852,766 and \$1,929,697 at June 30, 2019 and 2018, respectively.	\$ 21,522,766	\$ 22,179,697
Stamford Water Pollution Control System and Facility Revenue and Revenue Refunding Bonds - 2015. Issued in the aggregate amount of \$31,070,000, consisting of \$15,610,000 of revenue bonds and \$15,460,000 of Refunding Revenue Bonds, in July 2015 at interest rates ranging from 3.0% to 5.0%, due annually, on September 15. Debt service is paid to the trustee monthly, with principal maturity paid from September 2015 through September 2045. The aggregate includes unamortized premiums of \$1,852,766 and \$1,929,697 at June 30, 2019 and 2018, respectively.	30,197,124	30,972,090
Stamford Water Pollution Control System and Facility Revenue and Bonds - 2019. Issued in the amount of \$15,700,000, in June 2019 at interest rates ranging from 4.0% to 5.0%, due annually, on April 1. Debt service is paid to the trustee monthly, with principal maturity paid from April 2020 through April 2044. The aggregate includes unamortized premiums of \$2,387,160 at June 30, 2019.	<u>18,087,160</u>	
Total revenue bonds outstanding	<u>69,807,050</u>	<u>53,151,787</u>
Less unamortized premium	<u>6,197,050</u>	<u>3,911,787</u>
Total Long-Term Revenue Bonds Outstanding	<u>\$ 63,610,000</u>	<u>\$ 49,240,000</u>

The City issued these revenue bonds pursuant to a 2001 and 2006 indenture of trust by and among the City, the SWPCA and the Bank (the Indenture), supplemented through 2019. This Indenture requires the SWPCA to establish and maintain restricted accounts, and follow certain procedures for future bond issuance and payment.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

After each fiscal year, the SWPCA is required to review its fees to ensure anticipated revenues are sufficient to meet the above requirements. If this review discloses any risk of future noncompliance, the SWPCA must engage an independent industry specialist to undertake a study of its fee schedules. Within 90 days after the beginning of the fiscal year, the specialist's recommended fees must be implemented at a level adequate to meet the above requirements.

The City has pledged future SWPCA customer revenues, net of specified operating expenses, to repay \$63,610,00 in outstanding SWPCA revenue bonds. Proceeds from the bonds provided financing for the construction of capital assets or refunded other revenue bonds issued for that purpose. The bonds are payable solely from SWPCA customer net revenues and are payable through 2045. The net revenues pledged for the year ended June 30, 2019 and 2018 was \$18,148,012 and \$15,233,623, respectively. SWPCA Revenue Bond principal of \$1,330,000 and \$1,265,000 and interest of \$2,264,819 and \$2,331,719 was paid in 2019 and 2018, respectively.

Aggregate debt service requirements subsequent to June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,905,000	\$ 2,712,941	\$ 4,617,941
2021	1,845,000	2,775,869	4,620,869
2022	1,945,000	2,678,444	4,623,444
2023	2,050,000	2,575,619	4,625,619
2024	2,155,000	2,469,194	4,624,194
2025-2029	12,525,000	10,607,719	23,132,719
2030-2034	15,130,000	7,209,828	22,339,828
2035-2039	12,890,000	4,159,319	17,049,319
2040-2044	12,280,000	1,623,413	13,903,413
2045	885,000	16,592	901,592
Debt Service Requirement	\$ <u>63,610,000</u>	\$ <u>36,828,938</u>	<u>100,438,938</u>

Interest incurred on revenue bonds was \$2,264,819 and \$2,331,789 for the years ended June 30, 2019 and 2018, respectively.

C. Notes Payable

In fiscal years 1998 and 2001, the City obtained project loans from the State of Connecticut for various sewer projects of \$864,280 and \$3,574,208, respectively, of which \$-0- and \$212,647 was outstanding as of June 30, 2019 and \$-0- and \$421,087 was outstanding as of June 30, 2018. The repayment on these three loans is not restricted to the funds of the SWPCA. Currently, the SWPCA is repaying these notes on behalf of the City.

The SWPCA completed a \$105 million upgrade of the waste water treatment facility in 2006. To fund the upgrade project, the City obtained a Project Loan Obligation from the State of Connecticut for \$73,561,481. This loan is a special limited obligation loan of the City that is to be repaid solely from revenues, funds, accounts, moneys and securities of the SWPCA. The project was also funded through grants and a local share. As of June 30, 2019 and 2018, the outstanding balance on the loan was \$25,646,508 and \$29,515,623, respectively.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The loans bear interest at 2%. The loans are payable in monthly installments ranging from approximately \$3,601 to \$368,000 through August 2025, plus accrued interest. The combined loan balances were \$25,859,155 and \$29,936,710 as of June 30, 2019 and 2018, respectively.

Interest expense incurred on these notes payables was \$561,491 and \$642,166 for the years ended June 30, 2019 and 2018, respectively.

Aggregate debt service requirements subsequent to June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,159,858	\$ 479,189	\$ 4,639,047
2021	4,026,883	397,206	4,424,089
2022	4,108,163	315,926	4,424,089
2023	4,191,084	233,005	4,424,089
2024	4,275,678	148,411	4,424,089
2025-2026	<u>5,097,489</u>	<u>63,949</u>	<u>5,161,438</u>
Debt Service Requirement	\$ <u>25,859,155</u>	\$ <u>1,637,686</u>	\$ <u>27,496,841</u>

7. REVENUE

Sewer use charges are comprised of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Sewer use fees	\$ 22,094,920	\$ 20,998,785
Contract revenue - Town of Darien, CT	1,606,427	1,593,763
Contract revenue - Aquarion	460,679	389,341
Interest	383,403	447,639
Lien fees	<u>120,339</u>	<u>126,635</u>
	\$ <u>24,665,768</u>	\$ <u>23,556,163</u>

Special assessments, connection charges and other are comprised of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Connection charges	\$ 2,315,809	\$ 2,126,515
Capital reimbursement - Town of Darien, CT	1,111,582	885,958
Interest	32,477	378,927
Delinquent interest and lien fees	<u>164,211</u>	<u>6,845</u>
	\$ <u>3,624,079</u>	\$ <u>3,398,245</u>

8. COMMITMENTS AND CONTINGENCIES

General Contingencies

The SWPCA is a defendant in a lawsuit. In the opinion of the City's General Counsel and SWPCA's management, the resolution of this matter is not expected to have a material adverse effect on the future financial condition of the SWPCA.

9. RISK MANAGEMENT

The SWPCA is exposed to various risks of loss related to torts, theft or impairment to assets, errors and omissions, injury to employees, employee health insurance and natural disasters.

The SWPCA is insured through the City's internal service insurance fund. The City's self-insurance fund covers the City, including the SWPCA, per claim for up to \$1,000,000 for general and auto liability, \$1,500,000 for workers' compensation, \$100,000 for public officials' liability and \$250,000 for property losses. The City purchases commercial insurance for claims in excess of these retentions. Costs associated with these risks are reported in the City's insurance internal service fund in addition to claims incurred but not reported. The SWPCA is charged by the City for its share of premium cost and claims. Settled claims have not exceeded commercial coverage in any of the past three years. For the years ended June 30, 2019 and 2018, the SWPCA paid the City approximately \$330,000 and \$322,000, respectively, to the City's internal service insurance fund.

10. EMPLOYEE RETIREMENT PLAN

A. Plan Description and Benefits Provided

Certain employees of the SWPCA are covered under the City's Classified Employees' Retirement Fund (CERF), a single employer defined benefit plan. Eligibility begins at date of hire and vesting occurs in full after 5 years of service. Benefits are payable to an employee who retires at age 60 with a minimum of 10 years of service or an employee who has reached age 58 with at least 15 years of service. Certain contracts allow employees with 25 years of service to retire. Annual benefits equal 2% per year of service with maximums up to 70% of final salary for each year of credited service. Employees contribute 3% of their annual salary until they have reached 33 years of credited service. Some union contracts allow employees to exchange sick or vacation leave for up to 4% additional pension credit (1% for each 25 days exchanged). Interest of 5% is credited to the employees' contribution.

The City uses an independent actuary to determine the allocation of contributions required for the various departments and groups that participate in the retirement plans, including the SWPCA. For the years ended June 30, 2019 and 2018, the SWPCA's contribution to the retirement fund was \$416,000 and \$358,000, representing approximately 5% and 6%, respectively, of total contributions to the CERF for each year.

The City's basic financial statements contain CERF activity and funding information as of June 30, 2019. At June 30, 2019 and 2018, the CERF had \$226.4 million and \$223.1 million in net position, respectively.

GASB Statement No. 68 requires certain pension related items to be recorded. The items below provide detail of those items. Refer to the City of Stamford comprehensive annual financial report (CAFR) for the full pension disclosures.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

B. Net Pension Liability of the SWPCA

The components of the SWPCA's net pension liability at June 30, 2019 and 2018 were as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total pension liability	\$ 14,151,390	\$ 15,181,198
Plan fiduciary net position	<u>12,299,200</u>	<u>12,153,099</u>
Net Pension Liability	<u>\$ 1,852,190</u>	<u>\$ 3,028,099</u>
Plan fiduciary net position as a percentage of the total pension liability	86.91%	80.05%

C. Changes in the Net Pension Liability - SWPCA's Portion of the City's Employee Retirement Plan

	2019		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of July 1, 2018	\$ 15,181,198	\$ 12,153,099	\$ 3,028,099
Changes for the year:			
Service cost	225,781		225,781
Interest on total pension liability	1,078,349		1,078,349
Change in benefit terms	(589,689)		(589,689)
Effect of economic/demographic gains or losses	(984,086)		(984,086)
Effect of assumptions changes or inputs	114,838		114,838
Employer contributions		416,000	(416,000)
Member contributions		101,344	(101,344)
Net investment income		513,001	(513,001)
Benefit payments, including refund to employee contributions	(875,001)	(875,001)	-
Administrative expenses		(9,243)	9,243
Net changes	<u>(1,029,808)</u>	<u>146,101</u>	<u>(1,175,909)</u>
Balances as of June 30, 2019	<u>\$ 14,151,390</u>	<u>\$ 12,299,200</u>	<u>\$ 1,852,190</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

	2018		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 13,754,982	\$ 11,215,597	\$ 2,539,385
Changes for the year:			
Service cost	285,518		285,518
Interest on total pension liability	1,029,172		1,029,172
Change in benefit terms	981		981
Effect of economic/demographic gains or losses	370,193		370,193
Effect of assumptions changes or inputs	388,504		388,504
Employer contributions		358,000	(358,000)
Member contributions		128,388	(128,388)
Net investment income		1,105,767	(1,105,767)
Benefit payments, including refund to employee contributions	(648,152)	(648,152)	-
Administrative expenses		(6,501)	6,501
Net changes	<u>1,426,216</u>	<u>937,502</u>	<u>488,714</u>
Balances as of June 30, 2018	<u>\$ 15,181,198</u>	<u>\$ 12,153,099</u>	<u>\$ 3,028,099</u>

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

At June 30, 2019 and 2018, the SWPCA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,532	\$ 681,246
Changes of assumptions	258,054	
Net difference between projected and actual earning on pension plan investments	<u>86,629</u>	
Total	<u>\$ 509,215</u>	<u>\$ 681,246</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

June 30, 2018		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	267,362	166,160
Net difference between projected and actual earning on pension plan investments	359,856	2,307
Total	<u>\$ 627,218</u>	<u>\$ 168,467</u>

Subsequent to June 30, 2019, amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Recognition Year

2020	\$	51,285
2021		(280,734)
2022		(12,390)
2023		69,808

E. Defined Contribution Retirement Plans

Plan Description

The City has established a defined contribution retirement plan for SWPCA employees hired after certain specified dates in 2012 for all unions except UAW and IUOE/Operations.

11. TRANSACTIONS WITH THE CITY

In the fiscal years 2019 and 2018, the City paid approximately \$261,000 and \$263,000, respectively, in sewer use charges to the SWPCA. The City reimbursed the SWPCA approximately \$818,000 and \$435,000 for the City's share of the hurricane barrier maintenance and operations for the years ended June 30, 2019 and 2018, respectively.

For the fiscal years 2019 and 2018, the SWPCA paid the City approximately \$421,000 and \$455,000, for an allocation of central services costs, respectively, and approximately \$810,000 and \$932,000 to the City's internal service medical insurance fund for health insurance coverage of active and retired employees, respectively.

In connection with the pooled cash arrangement with the City, the SWPCA earned interest income of approximately \$205,000 and \$93,000 on balances due from the City during the years ended June 30, 2019 and 2018, respectively.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

12. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

The City provides certain health care benefits for retired employees through a single employer defined benefit plan in which the SWPCA participates. The various collective bargaining agreements stipulate the employees' covered and the percentage of contribution, if any, to the cost of health care benefits. Contributions by the City may vary according to length of service. The cost of providing postemployment health care benefits is shared between the City and the retired employee. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as an expense as claims are paid.

The City uses an independent actuary to determine the allocation of contributions required for the various departments and groups that participate in the retirement plans, including the SWPCA. For the years ended June 30, 2019 and 2018, the SWPCA's contribution to the OPEB fund was \$463,000 and \$488,000, respectively, representing approximately 2% of total contributions to the OPEB fund for each year.

The City's basic financial statements contain OPEB activity and funding information as of June 30, 2019. At June 30, 2019 and 2018, the OPEB fund had \$139.5 million and \$116.3 million in net position, respectively.

GASB Statement No. 75 requires certain items to be recorded. The items below provide detail of those items. Refer to the City of Stamford comprehensive annual financial report (CAFR) for the full pension disclosures.

B. Net OPEB Liability - SWPCA's Portion of the City's OPEB Plan

The Town's net OPEB liability was measured as of June 30, 2019 and 2018. The components of the net OPEB liability of the Town at June 30, 2019 and 2018 were as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB liability	\$ 6,245,838	\$ 5,537,461
Plan fiduciary net position	<u>2,120,199</u>	<u>1,747,964</u>
Net OPEB Liability	<u>\$ 4,125,639</u>	<u>\$ 3,789,497</u>
Plan fiduciary net position as a percentage of the total OPEB liability	33.95%	31.57%

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

C. Changes in the Net OPEB Liability - SWPCA's Portion of the City's OPEB Plan

	2019		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	\$ 5,537,461	\$ 1,747,964	\$ 3,789,497
Changes for the year:			
Service cost	132,164		132,164
Interest on total OPEB liability	402,108		402,108
Change in benefit terms	576,667		576,667
Effect of economic/demographic gains or losses	(893,532)		(893,532)
Effect of assumptions changes or inputs	663,539		663,539
Employer contributions		463,000	(463,000)
Net investment income		82,168	(82,168)
Benefit payments, including refund to employee contributions	(172,569)	(172,569)	-
Administrative expenses		(364)	364
Net changes	<u>708,377</u>	<u>372,235</u>	<u>336,142</u>
Balances as of June 30, 2019	\$ <u>6,245,838</u>	\$ <u>2,120,199</u>	\$ <u>4,125,639</u>

	2018		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 5,187,056	\$ 1,259,080	\$ 3,927,976
Changes for the year:			
Service cost	164,658		164,658
Interest on total OPEB liability	393,737		393,737
Effect of economic/demographic gains or losses	(348,342)		(348,342)
Effect of assumptions changes or inputs	347,869		347,869
Employer contributions		488,000	(488,000)
Net investment income		208,673	(208,673)
Benefit payments, including refund to employee contributions	(207,517)	(207,517)	-
Administrative expenses		(272)	272
Net changes	<u>350,405</u>	<u>488,884</u>	<u>(138,479)</u>
Balances as of June 30, 2018	\$ <u>5,537,461</u>	\$ <u>1,747,964</u>	\$ <u>3,789,497</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

At June 30, 2019 and 2018, the SWPCA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 878,797
Changes of assumptions	704,623	
Net difference between projected and actual earning on pension plan investments	<u>43,157</u>	<u>62,354</u>
Total	<u>\$ 747,780</u>	<u>\$ 941,151</u>

June 30, 2018		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		275,771
Net difference between projected and actual earning on pension plan investments	<u>275,396</u>	<u>83,139</u>
Total	<u>\$ 275,396</u>	<u>\$ 358,910</u>


Subsequent to June 30, 2019, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,

2019	\$	(66,190)
2020		(66,190)
2021		(66,172)
2022		5,181

13. SUBSEQUENT EVENTS

In August 2019, the SWPCA experienced an explosion resulting in the material destruction of equipment and damage to existing structures on the premises. Management intends to repair and upgrade the facility and equipment that was lost during the event. Insurance proceeds in the amount of \$9 million are expected with \$1 million received in October 2019.



SUPPLEMENTARY
AND OTHER
INFORMATION

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Sewer use charges	\$ 21,692,643	\$ 21,692,643	\$ 22,594,537	\$ 901,894
Contract revenue - Town of Darien, CT	1,708,636	1,708,636	1,606,427	(102,209)
Contract revenue - Aquarion Water Company	342,693	342,693	460,679	117,986
Fees and other income	661,221	661,221	459,729	(201,492)
Nitrogen trading credit	500,000	500,000	2,528,256	2,028,256
Total operating revenues	<u>24,905,193</u>	<u>24,905,193</u>	<u>27,649,628</u>	<u>2,744,435</u>
Nonoperating revenues:				
Special assessments, connection charges, and other	2,330,357	2,330,357	3,624,079	1,293,722
Interest income and change in investment value	40,000	40,000	721,592	681,592
Total nonoperating revenues	<u>2,370,357</u>	<u>2,370,357</u>	<u>4,345,671</u>	<u>1,975,314</u>
Capital contributions - grants			76,832	76,832
Total	<u>\$ 27,275,550</u>	<u>\$ 27,275,550</u>	32,072,131	<u>\$ 4,796,581</u>
Budgetary revenues are different than GAAP revenues because:				
Interest subsidy			<u>(99,577)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenses and Changes in Net Position			<u>\$ 31,972,554</u>	

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
SCHEDULE OF EXPENSES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating expenses:				
Administration	\$ 5,003,563	\$ 5,207,563	\$ 4,815,460	\$ 392,103
Process control	3,431,133	3,384,133	3,158,741	225,392
Laboratory	465,479	448,479	346,368	102,111
Sludge processing	2,724,585	2,945,585	2,822,895	122,690
Regulatory compliance	117,049	102,049	95,868	6,181
Building maintenance	320,000	314,000	241,094	72,906
Equipment maintenance	1,203,661	1,289,661	1,016,779	272,882
Pump station maintenance	894,319	878,319	692,339	185,980
Sanitary sewer maintenance	519,823	519,823	457,234	62,589
Barrier maintenance	270,200	172,700	134,629	38,071
Billing services	462,300	485,800	464,216	21,584
Total operating expenses	<u>15,412,112</u>	<u>15,748,112</u>	<u>14,245,623</u>	<u>1,502,489</u>
Nonoperating expenses:				
Debt service	10,358,438	10,358,438	10,327,091	31,347
Miscellaneous contingency	500,000	164,000		164,000
Capital reserve funding	1,005,000	1,005,000		1,005,000
Total nonoperating expenses	<u>11,863,438</u>	<u>11,527,438</u>	<u>10,327,091</u>	<u>1,200,347</u>
Total	\$ <u>27,275,550</u>	\$ <u>27,275,550</u>	24,572,714	\$ <u>2,702,836</u>
Budgetary expenses are different than GAAP expenses because:				
Change in net pension liability			(1,175,909)	
Change in net OPEB liability			336,142	
Change in deferred outflows of resources			(354,381)	
Change in deferred inflows of resources			1,095,020	
Depreciation			6,149,285	
Interest subsidy			(99,577)	
Principal payments on debt			<u>(6,705,352)</u>	
Total Expenses and Other Financing Uses as Reported on the Statement of Revenues, Expenses and Changes in Net Position			\$ <u>23,817,942</u>	

STATISTICAL SECTION

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the basic financial statements for the relevant year

STAMFORD WATER POLLUTION CONTROL AUTHORITY
REVENUES, EXPENSES AND CHANGES IN NET POSITION (in Thousands)
FOR THE YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> (Restated)	<u>2015</u>	<u>2014</u>	<u>2013</u> (Restated)	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues:										
Total operating revenues	\$ 27,550	\$ 24,708	\$ 24,135	\$ 24,469	\$ 23,769	\$22,355	\$ 21,155	\$20,305	\$18,504	\$18,252
Operating Expenses:										
Operations and supplies	7,543	6,704	6,454	7,152	7,153	7,228	8,131	6,120	6,800	6,946
Salaries, benefits and claims	6,182	6,553	6,019	6,356	5,950	4,541	5,196	5,468	4,773	4,346
Depreciation	6,149	5,971	5,714	5,583	5,507	5,373	5,239	5,055	5,087	6,288
Total Operating Expenses	19,874	19,228	18,187	19,091	18,610	17,141	18,566	16,642	16,660	17,580
Operating Income	7,676	5,480	5,948	5,378	5,159	5,213	2,589	3,663	1,844	672
Nonoperating Revenue (Expense):										
Special assessments and connection charges	3,624	3,398	4,014	2,821	3,911	2,516	2,987	2,703	3,182	2,763
Provision for doubtful accounts - Special assessments and connection charges							(500)		(100)	
Interest income and change in investment value	721	194	(30)	83	18	34	95	98	113	104
Gain on sale of assets			8	42						
Interest expense	(3,522)	(3,320)	(3,322)	(3,045)	(3,227)	(3,149)	(2,940)	(3,133)	(3,182)	(3,764)
Transfers in						288			1,067	
Net Nonoperating Revenue (Expense)	823	272	670	(99)	702	(311)	(358)	(332)	1,081	(896)
Capital Grants, Transfers Out and Special Items:										
Capital grants	77	191	66	390						
Transfers out	(421)	(455)	(398)	(324)	(349)					
Special item - impairment of assets										(2,226)
Total	(344)	(264)	(332)	66	(349)	-	-	-	-	(2,226)
Change In Net Business	8,155	5,488	6,286	5,344	5,513	4,902	2,231	3,330	2,925	(2,450)
Net position - beginning of year	83,346	77,858	71,572	69,359	63,846	58,943	59,493	56,163	53,238	55,688
Restatement for Net Pension Loss per GASB 68							(2,780)			
Restatement for net OPEB Loss per GASB 75				(3,131)						
Net Position - End of Year	\$ 91,501	\$ 83,346	\$ 77,858	\$ 71,572	\$ 69,359	\$63,846	\$58,943	\$59,493	\$56,163	\$53,238

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NET POSITION (in Thousands)
AS OF JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u> (Restated)	<u>2016</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)	<u>2013</u> (Restated)	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Position:										
Net investment in capital assets	\$ 43,877	\$45,196	\$50,217	\$49,195	\$50,755	\$48,395	\$50,460	\$46,503	\$45,613	\$44,538
Restricted for debt service and capital improvements	13,609	11,247	11,170	10,906	9,597	9,532	7,965	7,742	7,811	7,677
Unrestricted	34,015	26,903	16,471	14,602	9,007	5,919	3,299	5,248	2,739	1,023
Restatement for net pension loss per GASB 68				(3,131)			(2,780)			
Total Net Position	<u>\$ 91,501</u>	<u>\$83,346</u>	<u>\$77,858</u>	<u>\$71,572</u>	<u>\$69,359</u>	<u>\$63,846</u>	<u>\$58,943</u>	<u>\$59,493</u>	<u>\$56,163</u>	<u>\$53,238</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
REVENUE CAPACITY - CUSTOMER, CONSUMPTION & RATE STATISTICS

For the Year Ended June 30,	Customers	Consumption (CCF)	Annual Consumption Change	Rate per CCF	Annual Rate Change	Average Residential Bill
2019	19,671	4,248,187	1.88%	\$5.00	2.46%	\$510.00
2018	19,648	4,169,897	(3.60)%	\$4.88	3.39%	\$497.76
2017	19,598	4,325,661	2.06%	\$4.72	1.72%	\$481.44
2016	19,619	4,238,192	(3.08)%	\$4.64	1.98%	\$473.28
2015	19,470	4,372,971	2.27%	\$4.55	3.41%	\$464.10
2014	19,447	4,276,100	0.14%	\$4.40	8.64%	\$448.80
2013	19,378	4,270,274	(1.00)%	\$4.05	4.92%	\$429.42
2012	19,381	4,313,364	0.83%	\$3.86	8.43%	\$393.72
2011	19,360	4,277,668	(6.50)%	\$3.56	2.89%	\$391.60
2010	19,066	4,575,000	0.48%	\$3.46	2.37%	\$380.60

Notes:

Customers as presented reflects the total number of residential, commercial and industrial customers.

Consumption data reflects hundred cubic feet (CCF) of water consumed.

CCF = 100 cubic feet of water, which is equivalent to 748 gallons.

Source: SWPCA records

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
REVENUE CAPACITY - PRINCIPAL WATER USERS
CURRENT AND PREVIOUS YEAR (AS OF JUNE 30)**

2019			2018		
Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption	Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption
1 Stamford Hospital	65,888	1.55%	1 Stamford Hospital	61,470	1.47%
2 Stamford Housing Authority	48,286	1.14%	2 City of Stamford	52,760	1.27%
3 City of Stamford	46,252	1.09%	3 Stamford Town Center	40,668	0.98%
4 Rippowan Park Associates LP	38,430	0.90%	4 Rippowan Park Associates LP	39,368	0.94%
5 SLC Operating LP	32,946	0.78%	5 Stamford Housing Authority	33,912	0.81%
6 Cornerstone Apartments	29,864	0.70%	6 Cornerstone Apartments	28,722	0.69%
7 Hoyt Bedford Apartments	29,190	0.69%	7 Hilton Stamford Hotel	27,504	0.66%
8 Stamford Town Center	27,572	0.65%	8 Hoyt Bedford Apartments	25,106	0.60%
9 Stamford Marriott Hotel	22,628	0.53%	9 SLC Operating LP	24,316	0.58%
10 Hilton Stamford Hotel	21,006	0.49%	10 Stamford Marriott Hotel	21,920	0.53%
Total	<u>362,062</u>	8.52%	Total	<u>355,746</u>	8.53%
Total Consumption Billed in CCF	4,248,187		Total Consumption Billed in CCF	4,169,897	

Notes:

CCF = 100 cubic feet of water, which is equivalent to 748 gallons.

Source: SWPCA records

STAMFORD WATER POLLUTION CONTROL AUTHORITY
DEBT CAPACITY - DEBT OUTSTANDING BY TYPE (in Thousands)

For the Year Ended June 30,	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Customers	Debt Per Customer
2019	\$ 13,160	\$ 63,610	\$ 25,859	\$ 102,629	19,671	\$ 5,217
2018	14,458	49,240	29,937	93,635	19,648	4,766
2017	10,441	50,505	33,934	94,880	19,598	4,841
2016	11,753	55,981	37,877	105,612	19,619	5,383
2015	12,970	40,620	41,760	95,350	19,470	4,897
2014	14,919	41,337	45,625	101,881	19,447	5,239
2013	16,762	27,614	49,494	93,870	19,378	4,844
2012	18,496	28,345	53,291	100,132	19,381	4,829
2011	20,190	29,051	57,016	106,257	19,360	5,488
2010	21,641	29,733	60,671	112,045	19,066	5,877

Source:

Details of the SWPCA's debt outstanding are included in the notes to the financial statements.

Customers as presented reflects the total number of residential, commercial and industrial customers.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
DEBT CAPACITY - DEBT COVERAGE (in Thousands)

For the Year Ended June 30,	Operating Revenues plus Special Assessments and Connection Charges	Less - Operating Exps. (Restated) (excluding Depreciation & Amortization)	Net Available Revenues	Revenue Bonds plus Notes Payable			
				Debt Service			Coverage
				Principal	Interest	Total	
2019	\$ 31,174	\$ 13,825	\$ 17,350	\$ 5,560	\$ 2,670	\$ 8,230	2.11
2018	28,106	12,473	15,634	5,408	2,826	8,234	1.90
2017	28,149	12,580	15,569	5,262	2,974	8,236	1.89
2016	27,289	13,508	13,782	5,153	3,110	8,263	1.67
2015	27,680	13,103	14,578	4,829	2,690	7,519	1.94
2014	24,870	11,769	13,102	4,499	2,803	7,302	1.79
2013	24,142	16,187	7,956	4,415	2,301	6,716	1.18
2012	23,008	11,645	11,363	4,512	2,305	6,817	1.67
2011	21,686	11,573	10,113	4,415	2,406	6,821	1.48
2010	21,016	11,292	9,724	4,320	2,506	6,826	1.42

Source: City and SWPCA records

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
OPERATING INFORMATION - FULL-TIME EQUIVALENT EMPLOYEES (FTE'S)
AS OF JUNE 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
FTE's	<u>40</u>	<u>43</u>	<u>44</u>	<u>44</u>	<u>40</u>	<u>41</u>	<u>36</u>	<u>39</u>	<u>41</u>	<u>42</u>

Source: City records

TABLE 8

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
OPERATING INFORMATION - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
AS OF JUNE 30,**

<u>Function/Program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Treatment Plant										
Pumps and Motors (units)	134	134	134	134	134	134	134	134	134	134
Bioreactor Volume (million gallons per day)	15	15	15	15	15	15	15	15	15	15
Clarifiers (units)	6	6	6	6	6	6	6	6	6	6
Dryer and Pelletizer Equipment (units)	1	1	1	1	1	1	1	1	1	1
Stand-by Generators	2	2	2	2	2	2	2	2	2	2
Pumping Station										
Wastewater Stations (units)	23	23	23	23	23	23	22	22	22	22
Stormwater Stations (units)	4	4	4	4	4	4	4	4	4	4
Portable Generators (units)	4	4	4	4	4	4	3	3	3	4
Stand-by Generators	4	4	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewers (miles - per GIS data)	250	250	250	250	250	275	304	304	304	303
Treatment capacity (million gallons per day)	24	24	24	24	24	24	24	24	24	24

Source: SWPCA records