

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, 2020 AND 2019

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
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JUNE 30, 2020 AND 2019**

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INTRODUCTORY SECTION



Letter of Transmittal

December 28, 2020

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, 2020 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.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has issued an unmodified opinion on the SWPCA’s financial statements for the year ended June 30, 2020. 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, 2020 the flow to the plant averaged approximately 15.8 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 previous agreements dating from 2013 and 1971, provides a formula for compensation to the SWPCA for operation and maintenance costs and for capital improvements of SWPCA’s treatment plant and collection sewers which convey Darien’s wastewater. Based on this formula, Darien was responsible for 13.98% of such costs in the fiscal year ended June 30, 2020. 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, 2020 were:

Edward Kelly, At-Large and Chairman
Merritt Nesin, At-Large and Vice-Chairman (engineer)
Sandy Dennies, Director of Administration
Mark McGrath, Director of Operations
David Mannis, Board of Finance
Monica DiCostanzo, Board of Representatives
Robert Barocas, At-Large
(Open), At-Large (financial)
(Open), 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,

A handwritten signature in blue ink, appearing to read 'E. Kelly', is centered on a light gray rectangular background.

Edward Kelly
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 year ended June 30, 2020, 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 audit. We conducted our audit 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, 2020, and the changes in financial position and cash flows thereof for the year 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, 2020 and 2019, 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

The financial statements as of June 30, 2019 were audited by Blum, Shapiro & Company, P.C., whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated December 30, 2019 expressed an unmodified opinion on those statements.

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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 28, 2020

STAMFORD WATER POLLUTION CONTROL AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2020 and 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, 2020 (FY2020) and June 30, 2019 (FY2019). Please read it in conjunction with the letter of transmittal and the financial statements that follow this section.

2020 Financial Highlights

- As of June 30, 2020, the SWPCA's total assets and deferred outflows of resources (\$209.3 million) exceeded its total liabilities and deferred inflows (\$110.2 million), resulting in total net position of \$99.1 million. Net position increased \$7.6 million versus the prior year-end period primarily due to an increase in net investment in capital assets (\$7.4 million), an increase in net position restricted for debt service (\$0.4 million) offset by a decrease in unrestricted net position (\$0.2 million).
- Operating revenues in fiscal 2020 were \$26.0 million, compared to \$27.6 million in the prior year primarily reflecting decreases in Fees and Other Income (\$1.1 million), Sewer Use Charges (\$0.2 million), and Transfers to General Fund (\$0.2 million). Operating expenses were \$19.2 million versus \$19.9 million the prior year. Operating income was \$6.8 million as compared to \$7.7 million in the prior year.
- As noted above, total net position increased \$7.6 million (8.3%), to \$99.1 million. The unrestricted part of net position decreased to \$33.8 million and represents approximately 130% of operating revenue, compared to approximately 124% in the prior year.
- Current assets increased by \$1.8 million, primarily reflecting an increase in unrestricted cash and investments (\$7.2 million), an increase in accounts receivable (\$0.8 million) and offset by a decrease in Due from General Fund of \$6.2 million due to the refunding of the Build America Bonds. Days sales outstanding ("DSO") for the gross usage charges accounts receivable increased by 5 days to 58 days.
- Current liabilities decreased by \$4.0 million, primarily due to a decrease in the current portion of bonds and notes payable (\$6.3 million) offset by an increase in accounts payable, accrued liabilities and accrued interest (\$2.3 million).
- Long term debt outstanding – including general obligation bonds, revenue bonds, and notes payable – decreased by \$7.1 million to \$89.7 million as of June 30, 2020 reflecting debt service principal payments. 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, increased by about \$3.6 million to \$135.4 million versus the prior period. Fixed asset additions totaling \$12.7 million was offset by a write down of the damaged sludge dryer building and equipment totaling \$3.2 million (net of depreciation) and depreciation expense of \$5.9 million. 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. \$11.2 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.

2019 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 15-17 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 18-38 of this report.

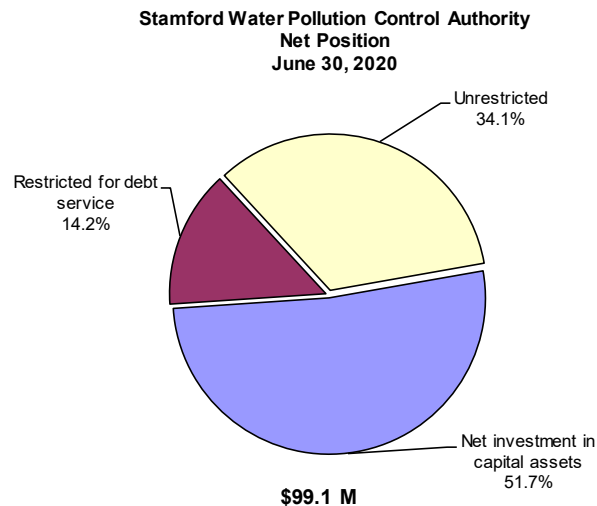
Annual Revenue and Expense Budgets

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 financial reporting perspective, 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 39-40 of this report.

Financial Analysis

Stamford Water Pollution Control Authority Net Position (in Thousands)

	<u>Increase (decrease)</u>				
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>2020 v 2019</u>	<u>2019 v 2018</u>
Assets:					
Current Assets	\$ 36,648	\$ 34,874	\$ 27,608	\$ 1,774	\$ 7,266
Restricted Cash	25,300	34,414	18,925	(9,114)	15,489
Non-Current Assets (special assessments)	9,537	8,955	7,997	582	958
Capital Assets (net of depreciation)	135,389	131,805	135,079	3,584	(3,274)
Total Assets	<u>206,874</u>	<u>210,048</u>	<u>189,609</u>	<u>(3,174)</u>	<u>20,439</u>
Deferred Outflows of Resources:	<u>2,406</u>	<u>2,338</u>	<u>2,026</u>	<u>68</u>	<u>312</u>
Current Liabilities	12,333	16,344	8,840	(4,011)	7,504
Long-term Liabilities	96,693	102,919	98,922	(6,226)	3,997
Total Liabilities	<u>109,026</u>	<u>119,263</u>	<u>107,762</u>	<u>(10,237)</u>	<u>11,501</u>
Deferred Inflows of Resources:	<u>1,130</u>	<u>1,622</u>	<u>527</u>	<u>(492)</u>	<u>1,095</u>
Net Position:					
Net investment in capital assets	51,252	43,877	45,196	7,375	(1,319)
Restricted for Debt Service	14,083	13,609	11,247	474	2,362
Unrestricted	33,789	34,015	26,903	(226)	7,112
Total Net Position	<u>\$ 99,124</u>	<u>\$ 91,501</u>	<u>\$ 83,346</u>	<u>\$ 7,623</u>	<u>\$ 8,155</u>



2020 Financial Analysis

The SWPCA's total net position (excess of assets over liabilities) was \$99.1 million at June 30, 2020. The SWPCA's unrestricted net position decreased by approximately \$0.2 million to approximately \$33.8 million at June 30, 2020 and provided additional financial flexibility to meet the needs of the SWPCA's customers and creditors.

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, 2020, the SWPCA's current ratio was 2.97 to 1 as compared to 2.13 to 1 at the prior year-end.

In fiscal year 2020, net working capital (current assets minus current liabilities) increased by \$5.8 million to \$24.3 million, primarily reflecting increases in unrestricted cash and investments and accounts receivable (\$7.1 and \$0.8 million), decreases in the current portion of bonds and notes payable (\$6.3 million) offset by increases in accounts payable, accrued expenses and accrued interest (\$2.2 million) and a decrease in Due from General Fund (\$6.2 million) resulting from the refunding of the BABs bond. During the past year, the SWPCA has maintained a positive pooled cash balance; ending the year at \$20.8 million and with the month-end balance never dropping below \$10.8 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:

- Maintaining the sewer use charge billing rate for both the October 2019 and April 2020 billing cycles while actively controlling expenses, improving the collection rate and increasing the operating cash balance on-hand.
- Planning for the issuance of \$23.8 million in new revenue bonds to continue to fund authorized major plant capital projects and a refunding of \$21.7 million State of Connecticut Clean Water debt during fiscal year 2021.

Net Position – Net Investment in Capital Assets.

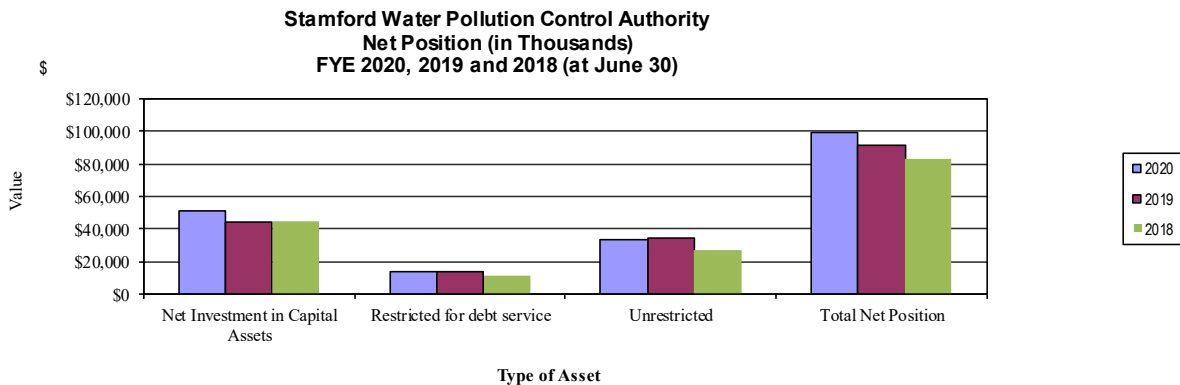
At June 30, 2020, the largest portion of the SWPCA's \$99.1 million in net position (approximately 52%) relates to its investment in capital assets (land, buildings, machinery, equipment, etc.), net of accumulated depreciation, unexpended bond proceeds, and any other outstanding debt used to acquire 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 \$99.1 million in total net position as of June 30, 2020, \$14.1 million (approximately 14% 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, 2020, \$33.8 million, or approximately 34%, was unrestricted and available to be used to meet the SWPCA's obligations to customers, creditors, and day-to-day operations.



2019 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.

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.

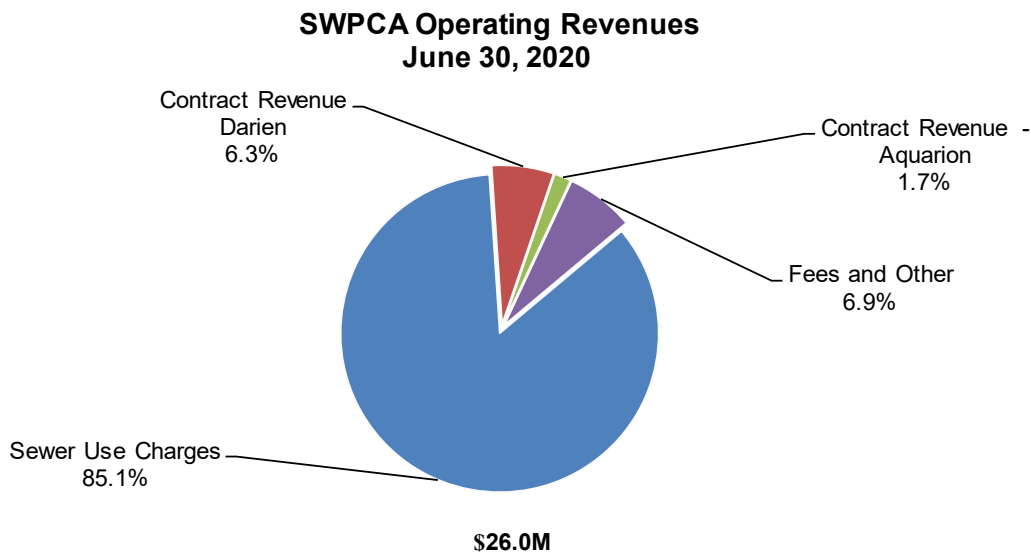
Operating Revenues and Expenses Analysis

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

	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>Increase (decrease)</u>	
				<u>\$ Change</u>	<u>\$ Change</u>
Operating revenues	\$ 25,993	\$ 27,550	\$ 24,708	\$ (1,557)	\$ 2,842
Operating expenses	19,223	19,875	19,229	(652)	646
Net Operating Income	<u>6,770</u>	<u>7,675</u>	<u>5,479</u>	<u>(905)</u>	<u>2,196</u>
Nonoperating revenue (expenses)	1,234	824	273	411	551
Capital contributions - Grant	48	77	191	(28)	(114)
Transfers out	(430)	(421)	(455)	(8)	34
Change in Net Assets	<u>7,623</u>	<u>8,155</u>	<u>5,488</u>	<u>(531)</u>	<u>2,667</u>
Net position - beginning of year	<u>91,501</u>	<u>83,346</u>	<u>77,858</u>	<u>8,155</u>	<u>5,488</u>
Net Position - End of Year	<u>\$ 99,124</u>	<u>\$ 91,501</u>	<u>\$ 83,346</u>	<u>\$ 7,623</u>	<u>\$ 8,155</u>

2020 Revenues.

In fiscal year 2020, the SWPCA's operating revenue included sewer use charges for both City and Town of Darien customers that were approximately 91% of total operating revenue and Aquarion contract revenue, fees and other income were approximately 9% of total operating revenue.



The original fiscal year 2020 revenue estimate for sewer use charges was \$20.0 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 \$21.3 million (based on assumed consumption of 4.38 million CCFs). After adjustments (e.g., off-cycle charges, cancel/rebill charges), the amount of revenue billed in fiscal year 2020 based on actual consumption of 4.26 million CCFs was \$21.3 million.

Fiscal year 2020 operating revenues totaled \$26.0 million (as compared to \$27.6 million the prior year) and included sewer use charges, lien fees and interest (\$22.1 million), contract revenues (\$1.6 million and \$0.5 million, from Darien and Aquarion, respectively), and fees and other income (\$1.8 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 2020 was approximately 98% (same as the prior year).

2019 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.

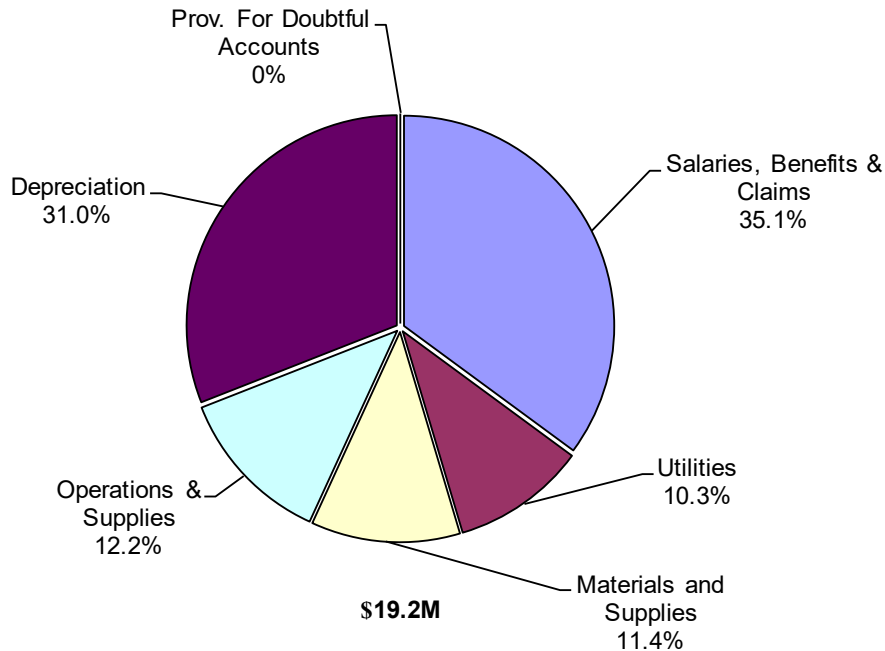
Fiscal year 2019 operating revenues totaled \$27.6 million (as compared to \$24.7 million the prior year) and included sewer use charges, lien fees and interest (\$22.6 million), contract revenues (\$1.6 million and \$0.5 million, from Darien and Aquarion, respectively), and fees and other income (\$2.9 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).

2020 Expenses.

In fiscal year 2020 the SWPCA's operating expenses totaled \$19.2 million (as compared to \$19.9 million the prior year), and consisted of salaries, employee benefits and claims (\$6.7 million), utilities costs (\$2.0 million), materials and supplies (\$2.2 million), operations and supplies (\$2.3 million) and depreciation (\$6.0 million).

**SWPCA Operating Expenses
June 30, 2020**



2019 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 2020 non-operating revenue of \$4.6 million included special assessments and connection charges (\$2.4 million), capital reimbursements from Darien (\$1.2 million), net gain on insurance recoveries (\$0.3 million) and interest income (\$0.7 million); non-operating expense and transfers out was primarily interest expense (\$3.4 million) and transfers to the City (\$0.4 million). Additional information on revenue and expense budgetary information is contained in the Supplementary and Other Information section of the financial statements.

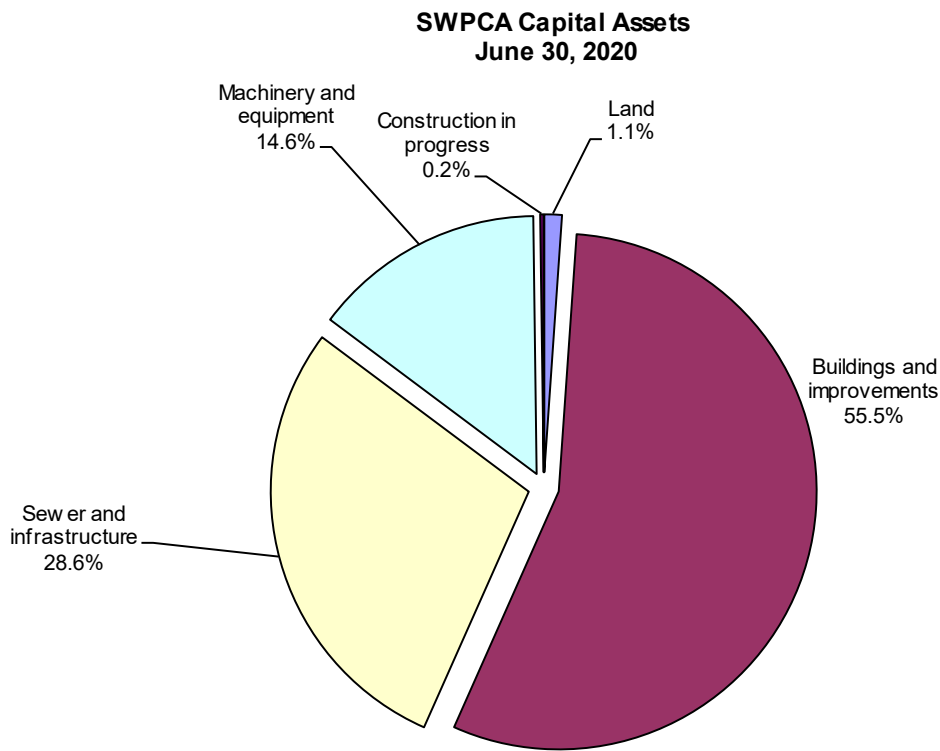
Capital Assets

As of June 30, 2020, the SWPCA had total capital assets, net of accumulated depreciation, of approximately \$135.4 million, as follows:

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (decrease)</u>	
				<u>\$ Change</u>	<u>\$ Change</u>
Land	\$ 2,833	\$ 2,833	\$ 2,833	\$ -	\$ -
Buildings and improvements	141,318	133,291	130,912	8,027	2,379
Sewer and infrastructure	73,305	73,065	72,603	240	462
Machinery and equipment	37,421	37,421	37,421	-	-
Construction in progress	537	527	493	10	34
Subtotal	<u>255,414</u>	<u>247,137</u>	<u>244,262</u>	<u>8,277</u>	<u>2,875</u>
Less accumulated depreciation	<u>(120,025)</u>	<u>(115,332)</u>	<u>(109,183)</u>	<u>(4,693)</u>	<u>(6,149)</u>
Total	<u>\$ 135,389</u>	<u>\$ 131,805</u>	<u>\$ 135,079</u>	<u>\$ 3,584</u>	<u>\$ (3,274)</u>

Additional information on capital assets is presented in Note 4 on page 24 of this report.



SWPCA Capital Projects.

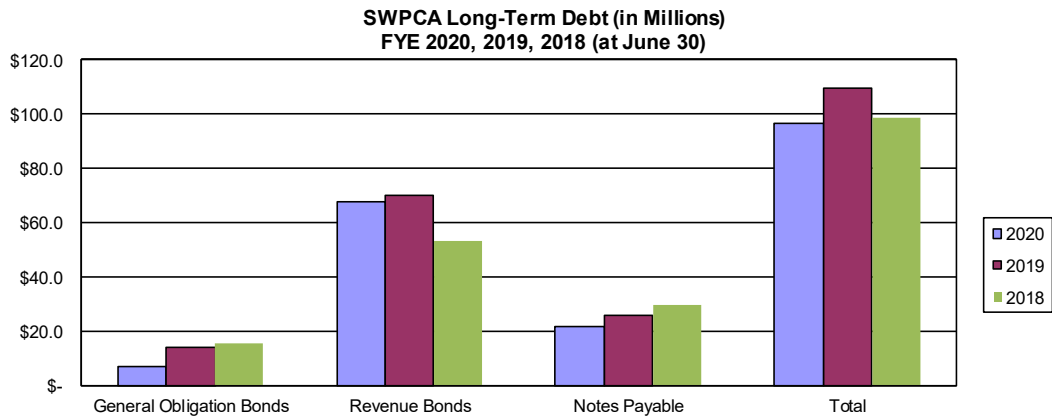
The SWPCA typically manages multiple concurrent capital projects. The projects are categorized as engineering studies, engineering design, building construction and equipment replacement (or upgrades), and sanitary sewer systems repairs or extensions. Capital projects completed or ongoing during the fiscal year ended June 30, 2020 were as follows:

- Construction 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 is ongoing. Work inside the aeration basins, a new emergency power generator and two (2) new UV channels were completed.
- Replacement of damaged equipment, including installation of new safety equipment, for the WPCF’s sludge dryer and repairs to the sludge dryer building were ongoing.
- Construction of effluent launder covers on the WPCF’s Final Clarifiers Nos. 1, 2 and 4 was completed.
- Design of the upgrade of the WPCF’s Primary Sludge Pumps and Sludge Degritting System was completed.
- Design/build of a new emergency power generator and electrical equipment for the Greenwich Avenue Pump Station is ongoing.
- 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.

Debt Outstanding

As of June 30, 2020, the SWPCA had bonds and notes payable outstanding of approximately \$96.4 million, as follows:

Stamford Water Pollution Control Authority Debt Outstanding (in Millions)							
	Fiscal 2020	% of Total	Fiscal 2019	% of Total	Fiscal 2018	% of Total	
General Obligation Bonds	\$ 7.0	7.3%	\$ 14.1	12.9%	\$ 15.6	15.8%	
Revenue Bonds	67.7	70.2%	69.8	63.6%	53.2	53.9%	
Notes Payable	21.7	22.5%	25.9	23.5%	29.9	30.3%	
Total	\$ 96.4	100%	\$ 109.8	100%	\$ 98.7	100%	



The SWPCA'S total debt outstanding – including current and long-term general obligation bonds, revenue bonds, and notes payable – decreased by \$13.4 million to \$96.4 million as of June 30, 2020. This decrease reflects refunding of the BABs subordinated debt (\$6.4 million), repayments of bonds and notes payable (\$6.6 million) and amortization of bond premium (\$0.4 million). Additional information on debt outstanding is presented in Note 6 of this report on pages 25-27.

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, 2020, the SWPCA had 42 full time equivalent employees versus 40 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 Edward Kelley, Chairman of the SWPCA, at 111 Harbor View Ave, Stamford, CT 06902.

BASIC
FINANCIAL
STATEMENTS

STAMFORD WATER POLLUTION CONTROL AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 21,780,649	\$ 14,567,818
Investments	7,672,729	7,737,934
Accounts receivable:		
Usage charges, net of allowance for doubtful accounts of \$2,000,000	1,755,509	1,467,770
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000	2,283,610	2,116,892
Other receivables	3,145,647	2,792,180
Due from other funds	-	6,181,603
Other current assets	9,902	9,902
Total current assets	<u>36,648,046</u>	<u>34,874,099</u>
Noncurrent:		
Restricted cash and cash equivalents	25,299,725	34,413,725
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000	9,537,580	8,954,779
Capital assets not being depreciated	3,370,344	3,359,901
Capital assets being depreciated, net of depreciation	132,018,287	128,445,037
Total noncurrent assets	<u>170,225,936</u>	<u>175,173,442</u>
Total assets	<u>206,873,982</u>	<u>210,047,541</u>
Deferred Outflows of Resources:		
Deferred amounts on refunding	1,038,684	1,080,866
Deferred outflows related to pension	652,536	509,215
Deferred outflows related to OPEB	714,831	747,780
Total deferred outflows of resources	<u>2,406,051</u>	<u>2,337,861</u>
Liabilities:		
Current:		
Accounts payable	3,662,852	1,888,322
Accrued liabilities	584,249	211,268
Accrued interest payable	1,003,103	901,164
Unearned revenue	137,359	117,998
Current portion of bonds payable	2,682,000	8,835,072
Current portion of notes payable	4,026,883	4,159,858
Current portion of compensated absences	236,736	229,829
Total current liabilities	<u>12,333,182</u>	<u>16,343,511</u>
Noncurrent liabilities:		
Bonds payable	72,010,395	75,119,635
Notes payable	17,672,413	21,699,297
Compensated absences	137,904	121,837
Net pension liability	2,579,369	1,852,190
Net OPEB liability	4,292,809	4,125,639
Total noncurrent liabilities	<u>96,692,890</u>	<u>102,918,598</u>
Total liabilities	<u>109,026,072</u>	<u>119,262,109</u>
Deferred Inflows of Resources:		
Deferred inflows related to pension	349,192	681,246
Deferred inflows related to OPEB	780,732	941,151
Total deferred inflows of resources	<u>1,129,924</u>	<u>1,622,397</u>
Net Position:		
Net investment in capital assets	51,252,281	43,876,731
Restricted for debt service	14,083,068	13,608,936
Unrestricted	33,788,688	34,015,229
Total Net Position	<u>\$ 99,124,037</u>	<u>\$ 91,500,896</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Sewer use charges	\$ 24,194,838	\$ 24,665,768
Fees and other income	1,798,452	2,884,283
Total operating revenues	<u>25,993,290</u>	<u>27,550,051</u>
Operating Expenses:		
Salaries	4,227,608	4,204,634
Employee benefits and claims	2,518,060	1,977,481
Operations and supplies	6,525,891	7,543,299
Depreciation	5,951,604	6,149,285
Total operating expenses	<u>19,223,163</u>	<u>19,874,699</u>
Operating Income	<u>6,770,127</u>	<u>7,675,352</u>
Nonoperating Revenue (Expense):		
Special assessments, connection charges, and other	3,647,122	3,624,079
Net gain on insurance recoveries	308,685	-
Interest income and change in investment value	716,120	721,592
Interest expense	<u>(3,437,865)</u>	<u>(3,522,162)</u>
Net nonoperating revenue	<u>1,234,062</u>	<u>823,509</u>
Income Before Capital Contributions and Transfers	8,004,189	8,498,861
Capital contributions - Grant	48,455	76,832
Transfers Out	<u>(429,503)</u>	<u>(421,081)</u>
Change in Net Position	7,623,141	8,154,612
Net Position - Beginning of Year	<u>91,500,896</u>	<u>83,346,284</u>
Net Position - End of Year	<u>\$ 99,124,037</u>	<u>\$ 91,500,896</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 26,871,445	\$ 25,741,750
Payments to suppliers	(4,378,380)	(6,780,572)
Payments to employees	(4,204,634)	(4,209,582)
Payments for benefits and claims	(2,226,556)	(2,076,609)
Payments for interfund services used	6,181,603	
Net cash provided by operating activities	<u>22,243,478</u>	<u>12,674,987</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	<u>(429,503)</u>	<u>(421,081)</u>
Net cash used in noncapital financing activities	<u>(429,503)</u>	<u>(421,081)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital grants	48,455	76,832
Proceeds from debt		15,700,000
Principal payments on debt	(12,994,931)	(6,705,352)
Premium on bonds		2,486,628
Interest paid on debt and other sources and uses	(3,720,984)	(3,400,575)
Proceeds from insurance reimbursements	2,000,000	
Special assessments, connection charges, and other	2,897,603	2,292,523
Purchase of capital assets	<u>(12,726,612)</u>	<u>(2,875,163)</u>
Net cash provided by (used in) capital and related financing activities	<u>(24,496,469)</u>	<u>7,574,893</u>
Cash Flows from Investing Activities:		
Interest received on investments	716,120	721,592
Sale (purchase) of investments	<u>65,205</u>	<u>(1,155,622)</u>
Net cash provided by (used in) investing activities	<u>781,325</u>	<u>(434,030)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,901,169)	19,394,769
Cash and Cash Equivalents - Beginning of Year (including restricted cash and cash equivalents)	<u>48,981,543</u>	<u>29,586,774</u>
Cash and Cash Equivalents - End of Year (including restricted cash and cash equivalents)	<u>\$ 47,080,374</u>	<u>\$ 48,981,543</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 6,770,127	\$ 7,675,352
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,951,604	6,149,285
Changes in assets and liabilities:		
(Increase) decrease in usage charges	(287,739)	175,674
(Increase) decrease in other receivables	1,146,533	(2,006,999)
(Increase) decrease in due from other funds	6,181,603	
(Increase) decrease in deferred outflows of resources for pension	(143,321)	118,003
(Increase) decrease in deferred outflows of resources for OPEB	32,949	(472,384)
Increase (decrease) in accounts payable	1,774,530	651,266
Increase (decrease) in accrued liabilities	372,981	111,461
Increase (decrease) in unearned revenues	19,361	23,024
Increase (decrease) in compensated absences	22,974	(4,948)
Increase (decrease) in net pension liability	727,179	(1,175,909)
Increase (decrease) in net OPEB liability	167,170	336,142
Increase (decrease) in deferred inflows of resources for pension	(332,054)	512,779
Increase (decrease) in deferred inflows of resources for OPEB	<u>(160,419)</u>	<u>582,241</u>
Net Cash Provided by Operating Activities	<u>\$ 22,243,478</u>	<u>\$ 12,674,987</u>

The accompanying notes are an integral part of the financial statements

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$20,782,411 and \$13,882,978 at June 30, 2020 and 2019, respectively. The SWPCA's own unrestricted cash and cash equivalents balance was \$998,238 and \$684,840 at June 30, 2020 and 2019, respectively.

E. Restricted Cash and Cash Equivalents

Certain assets are classified as restricted because their use is limited. Restricted cash and cash equivalents in the SWPCA are to be used for construction and debt service purposes.

F. 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, 2020

G. 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

H. 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, and net difference between projected and actual earnings. 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). Differences 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 and net difference between projected and actual earnings. 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).

I. 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, 2020

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.

J. 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.

K. 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.

L. 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.

M. 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, 2020

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.

N. 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.

Unrestricted net position represents all other amounts that don't meet the definition of "net investment in capital assets" or "restricted".

O. 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.

P. 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 28, 2020.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash Equivalents

As of June 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 21,780,649	\$ 14,567,818
Restricted cash and cash equivalents	<u>25,299,725</u>	<u>34,413,725</u>
	<u>\$ 47,080,374</u>	<u>\$ 48,981,543</u>

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.

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The restricted cash balance at June 30, 2020 and 2019 was restricted in accordance with the terms of various outstanding debt of the SWPCA (Note 5).

B. Investments

As of June 30, 2020 and 2019, 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>
June 30, 2020					
Interest-bearing investments:					
U.S. Government Securities	Aaa	\$ 6,657,573	\$ 4,986,037	\$ 1,671,536	\$
U.S. Government Agencies	Aaa	<u>1,015,156</u>	<u>1,015,156</u>		
		<u>7,672,729</u>	<u>6,001,193</u>	<u>1,671,536</u>	<u>-</u>
June 30, 2019					
Interest-bearing investments:					
U.S. Government Agencies	Aaa	\$ <u>7,737,934</u>	\$ <u>7,737,934</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, 2020 and 2019:

	<u>June 30, 2020</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	\$ 6,657,573	\$ 6,657,573	\$	\$
U.S. Government Agencies	<u>1,015,156</u>	<u>1,015,156</u>		
	<u>\$ 7,672,729</u>	<u>\$ 7,672,729</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2019				
Investments by Fair Value Level:				
U.S. Government Agencies	\$ <u>7,737,934</u>	\$ <u>7,737,934</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.

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3. SPECIAL ASSESSMENTS AND CONNECTION CHARGES RECEIVABLE

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

	2020			
	New Sewer Line Charges	Connection Charges	Total	Due Within One Year
Due in the year ending June 30:				
2021 *	\$ 360,538	\$ 1,832,077	\$ 2,192,615	\$ 2,192,615
2022	145,645	1,302,452	1,448,097	
2023	94,919	1,282,331	1,377,250	
2024	92,339	1,260,028	1,352,367	
2025	90,867	1,189,161	1,280,028	
Thereafter	235,973	7,545,621	7,781,594	
	<u>1,020,281</u>	<u>14,411,670</u>	<u>15,431,951</u>	<u>2,192,615</u>
Less imputed interest		<u>(3,201,756)</u>	<u>(3,201,756)</u>	
Receivable Before Interest and Lien Fees Receivable and Allowance for Doubtful Accounts	<u>\$ 1,020,281</u>	<u>\$ 11,209,914</u>	12,230,195	2,192,615
Plus related interest and lien fees receivable			590,995	590,995
Less allowance for doubtful accounts			<u>(1,000,000)</u>	<u>(500,000)</u>
Special Assessment and Connection Charges Receivable, Net			<u>\$ 11,821,190</u>	<u>\$ 2,283,610</u>
	2019			
	New Sewer Line Charges	Connection Charges	Total	Due Within One Year
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	332,584	7,245,153	7,577,737	
	<u>1,208,250</u>	<u>13,525,817</u>	<u>14,734,067</u>	<u>2,060,318</u>
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>

* Includes past due amounts from prior years.

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4. CAPITAL ASSETS

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

	2020			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,833,278			\$ 2,833,278
Construction in progress	526,623	10,443		537,066
Total capital assets not being depreciated	<u>3,359,901</u>	<u>10,443</u>	<u>-</u>	<u>3,370,344</u>
Capital assets being depreciated:				
Buildings and improvements	133,291,356	12,476,293	4,449,821	141,317,828
Sewer and infrastructure	73,064,695	239,876		73,304,571
Equipment	37,421,089			37,421,089
Total capital assets being depreciated	<u>243,777,140</u>	<u>12,716,169</u>	<u>4,449,821</u>	<u>252,043,488</u>
Less accumulated depreciation for:				
Buildings and improvements	57,839,059	4,417,229	1,258,506	60,997,782
Sewer and infrastructure	28,758,415	1,155,087		29,913,502
Equipment	28,734,629	379,288		29,113,917
Total accumulated depreciation	<u>115,332,103</u>	<u>5,951,604</u>	<u>1,258,506</u>	<u>120,025,201</u>
Total capital assets being depreciated, net	<u>128,445,037</u>	<u>6,764,565</u>	<u>3,191,315</u>	<u>132,018,287</u>
Capital Assets, Net	<u>\$ 131,804,938</u>	<u>\$ 6,775,008</u>	<u>\$ 3,191,315</u>	<u>\$ 135,388,631</u>
	2019			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
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>

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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>2020</u>	<u>2019</u>
Clean Water Fund - Debt Service Reserve	\$ 4,424,111	\$ 4,430,758
2006 Debt Service Reserve Fund	2,044,793	2,022,932
2003 and 2006 Debt Service Funding Accrual	4,888,332	4,447,548
2012 Debt Service Reserve Fund	1,696,232	1,678,098
2013 Debt Service Service Account	1,029,600	1,029,600
2013 Debt - unspent bond proceeds	6,450	6,450
2015 Debt - unspent bond proceeds	1,589,149	5,023,068
2019 Debt - unspent bond proceeds	9,621,058	15,775,271
	<u>\$ 25,299,725</u>	<u>\$ 34,413,725</u>

6. LONG-TERM OBLIGATIONS

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

	<u>2020</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	\$ 13,160,072	\$ -	\$ 6,930,072	\$ 6,230,000	\$ 837,000
Unamortized premium	987,585	-	175,572	812,013	-
Revenue bonds	63,610,000	-	1,905,000	61,705,000	1,845,000
Unamortized premium	6,197,050	-	251,668	5,945,382	-
Total bonds payable	<u>83,954,707</u>	<u>-</u>	<u>9,262,312</u>	<u>74,692,395</u>	<u>2,682,000</u>
Notes payable:	25,859,155	-	4,159,859	21,699,296	4,026,883
Total bonds and notes payable	<u>109,813,862</u>	<u>-</u>	<u>13,422,171</u>	<u>96,391,691</u>	<u>6,708,883</u>
Compensated absences	351,666	252,803	229,829	374,640	236,736
Net pension liability	1,852,190	727,179	-	2,579,369	-
Net OPEB liability	4,125,639	167,170	-	4,292,809	-
Long-Term Liabilities	<u>\$ 116,143,357</u>	<u>\$ 1,147,152</u>	<u>\$ 13,652,000</u>	<u>\$ 103,638,509</u>	<u>\$ 6,945,619</u>

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	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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:	<u>29,936,710</u>		<u>4,077,555</u>	<u>25,859,155</u>	<u>4,159,858</u>
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 pension liability	3,028,099		1,175,909	1,852,190	
Net OPEB liability	<u>3,789,497</u>	<u>336,142</u>		<u>4,125,639</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>

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, 2020 consisted of the following:

Description	Year of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2020	Outstanding June 30, 2019
Refunding bonds	2005	4.00 - 5.00 %	\$ 2,247,600	\$ 250,000	\$ 500,000
Refunding bonds	2009	3.25 - 5.00	1,073,431		225,072
Public improvement	2010	2.80 - 5.45	10,000,000		6,445,000
Refunding bonds	2010	4.00 - 5.00	408,000	408,000	408,000
Refunding bonds	2011	2.00 - 4.00	430,000	260,000	270,000
Refunding bonds	2018	4.00 - 5.00	5,312,000	<u>5,312,000</u>	<u>5,312,000</u>
Total				<u>\$ 6,230,000</u>	<u>\$ 13,160,072</u>

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Aggregate debt service requirements subsequent to June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	653,000	150,345	803,345
2026-2030	2,945,000	330,640	3,275,640
Debt service requirement	6,230,000	1,386,115	7,616,115
Plus unamortized premium	812,013		812,013
Total	\$ 7,042,013	\$ 1,386,115	\$ 8,428,128

The SWPCA's share of interest expense incurred on general obligation bonds was \$345,194 and \$422,100 for the years ended June 30, 2020 and 2019, respectively.

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>2020</u>	<u>2019</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 \$1,775,835 and \$1,852,766 at June 30, 2020 and 2019, respectively.	\$ 20,830,835	\$ 21,522,766
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 \$1,881,850 and \$1,957,124 at June 30, 2020 and 2019, respectively.	29,336,850	30,197,124
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 \$2,287,697 and \$2,387,160 at June 30, 2020 and 2019, respectively.	17,482,697	18,087,160
Total revenue bonds outstanding	67,650,382	69,807,050
Less unamortized premium	5,945,382	6,197,050
Total Long-Term Revenue Bonds Outstanding	<u>\$ 61,705,000</u>	<u>\$ 63,610,000</u>

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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.

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 \$61,705,000 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, 2020 and 2019 was \$17,133,432 and \$18,148,012, respectively. SWPCA Revenue Bond principal of \$1,905,000 and \$1,330,000 and interest of \$2,712,941 and \$2,264,819 was paid in fiscal year 2020 and 2019, respectively.

Aggregate debt service requirements subsequent to June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,265,000	2,361,219	4,626,219
2026-2030	13,160,000	9,972,719	23,132,719
2031-2035	15,000,000	6,542,522	21,542,522
2036-2040	12,370,000	3,630,125	16,000,125
2041-2045	10,915,000	1,110,288	12,025,288
Debt Service Requirement	\$ <u>61,705,000</u>	\$ <u>34,115,999</u>	<u>95,820,999</u>

C. Notes Payable

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, 2020 and 2019, the outstanding balance on the loan was \$21,699,296 and \$25,646,508, respectively.

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. Interest expense incurred on these notes payables was \$479,189 and \$561,491 for the years ended June 30, 2020 and 2019, respectively.

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Aggregate debt service requirements subsequent to June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4,361,980	62,109	4,424,089
2026	735,508	1,839	737,347
Debt Service Requirement	\$ <u>21,699,296</u>	\$ <u>1,158,496</u>	\$ <u>22,857,792</u>

7. REVENUE

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

	<u>2020</u>	<u>2019</u>
Sewer use fees	\$ 21,660,076	\$ 22,094,920
Contract revenue - Town of Darien, CT	1,636,340	1,606,427
Contract revenue - Aquarion	445,449	460,679
Interest	347,453	383,403
Lien fees	105,520	120,339
	\$ <u>24,194,838</u>	\$ <u>24,665,768</u>

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

	<u>2020</u>	<u>2019</u>
Connection charges	\$ 1,676,362	\$ 2,315,809
Capital reimbursement - Town of Darien, CT	1,223,262	1,111,582
Interest	574,430	32,477
Delinquent interest and lien fees	173,068	164,211
	\$ <u>3,647,122</u>	\$ <u>3,624,079</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.

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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, 2020 and 2019, the SWPCA paid the City approximately \$539,314 and \$330,400, 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, 2020 and 2019, the SWPCA's contribution to the retirement fund was \$268,000 and \$416,000, representing approximately 4% and 5%, 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, 2020. At June 30, 2020 and 2019, the CERF had \$232.6 million and \$226.4 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.

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B. Net Pension Liability of the SWPCA

The components of the SWPCA's net pension liability at June 30, 2020 and 2019 were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total pension liability	\$ 15,087,596	\$ 14,151,390
Plan fiduciary net position	<u>12,508,227</u>	<u>12,299,200</u>
Net Pension Liability	<u>\$ 2,579,369</u>	<u>\$ 1,852,190</u>
Plan fiduciary net position as a percentage of the total pension liability	82.90%	86.91%

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

	<u>2020</u>		
	<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, 2019	\$ 14,151,390	\$ 12,299,200	\$ 1,852,190
Changes for the year:			
Service cost	188,878		188,878
Interest on total pension liability	987,316		987,316
Change in benefit terms	363		363
Effect of economic/demographic gains or losses	282,225		282,225
Effect of assumptions changes or inputs	361,397		361,397
Employer contributions		268,000	(268,000)
Member contributions		106,373	(106,373)
Net investment income		724,050	(724,050)
Benefit payments, including refund to employee contributions	(883,973)	(883,973)	-
Administrative expenses		(5,423)	5,423
Net changes	<u>936,206</u>	<u>209,027</u>	<u>727,179</u>
Balances as of June 30, 2020	<u>\$ 15,087,596</u>	<u>\$ 12,508,227</u>	<u>\$ 2,579,369</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	2019		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
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>

D. Sensitivity of the SWPCA's Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the SWPCA, calculated using the current discount rate, as well as what the SWPCA's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate, as noted below:

	June 30, 2020		
	Current		
	1% Decrease to 6.05%	Discount Rate 7.05%	1% Increase to 8.05%
Net Pension Liability	\$ <u>4,034,632</u>	\$ <u>2,579,369</u>	\$ <u>1,334,970</u>
	June 30, 2019		
	Current		
	1% Decrease to 6.10%	Discount Rate 7.10%	1% Increase to 8.10%
Net Pension Liability	\$ <u>3,209,128</u>	\$ <u>1,852,190</u>	\$ <u>690,618</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

E. SWPCA's Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020 and 2019, the SWPCA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

June 30, 2020		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,606	\$ 349,192
Changes of assumptions	342,275	
Net difference between projected and actual earning on pension plan investments	<u>63,655</u>	
Total	<u>\$ 652,536</u>	<u>\$ 349,192</u>
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>

Subsequent to June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Recognition Year</u>	
2021	\$ (32,550)
2022	213,599
2023	96,052
2024	26,243

The SWPCA recognized pension expense of \$519,803 and \$(129,126) for the fiscal years ended June 30, 2020 and 2019, respectively.

F. 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.

Employees in this group are not members of the CERF pension plan, but are eligible to contribute to a 457 deferred compensation plan. The City matches 50% of the employee's contribution by way of a contribution to a 401(a) money purchase plan. The SWPCA's contribution shall not exceed 4.5% of the employee's annual wages. The SWPCA contribution into the plan was \$36,972 and \$30,422 for fiscal year 2020 and 2019, respectively.

11. TRANSACTIONS WITH THE CITY

In the fiscal years 2020 and 2019, the City paid approximately \$226,000 and \$261,000, respectively, in sewer use charges to the SWPCA. The City reimbursed the SWPCA approximately \$605,674 and \$818,030 for the City's share of the hurricane barrier maintenance and operations for the years ended June 30, 2020 and 2019, respectively.

For the fiscal years 2020 and 2019, the SWPCA paid the City approximately \$429,503 and \$421,081, for an allocation of central services costs, respectively, and approximately \$894,000 and \$810,000 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 \$208,000 and \$205,000 on balances due from the City during the years ended June 30, 2020 and 2019, respectively.

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, 2020 and 2019, the SWPCA's contribution to the OPEB fund was \$482,000 and \$463,000, respectively, representing approximately 2% of total contributions to the OPEB fund for each year.

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The City's basic financial statements contain OPEB activity and funding information as of June 30, 2020. At June 30, 2020 and 2019, the OPEB fund had \$167.7 million and \$139.5 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 SWPCA's portion of the City's net OPEB liability was measured as of June 30, 2020 and 2019. The components of the SWPCA's portion of the City's net OPEB liability were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB liability	\$ 6,757,600	\$ 6,245,838
Plan fiduciary net position	<u>2,464,791</u>	<u>2,120,199</u>
Net OPEB Liability	<u>\$ 4,292,809</u>	<u>\$ 4,125,639</u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.47%	33.95%

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

	2020		
	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a)-(b)</u>
Balances as of July 1, 2019	\$ 6,245,838	\$ 2,120,199	\$ 4,125,639
Changes for the year:			
Service cost	172,410		172,410
Interest on total OPEB liability	448,439		448,439
Effect of plan changes	112,362		112,362
Effect of economic/demographic gains or losses	(266,457)		(266,457)
Effect of assumptions changes or inputs	252,974		252,974
Employer contributions		482,000	(482,000)
Net investment income		71,298	(71,298)
Benefit payments, including refund to employee contributions	(207,966)	(207,966)	-
Administrative expenses		(740)	740
Net changes	<u>511,762</u>	<u>344,592</u>	<u>167,170</u>
Balances as of June 30, 2020	<u>\$ 6,757,600</u>	<u>\$ 2,464,791</u>	<u>\$ 4,292,809</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

	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>

D. Sensitivity of the SWPCA's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the SWPCA, as well as what the SWPCA's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	June 30, 2020		
	Current		
	1% Decrease to 6.05%	Discount Rate 7.05%	1% Increase to 8.05%
Net OPEB Liability	\$ <u>5,233,919</u>	\$ <u>4,292,809</u>	\$ <u>3,528,262</u>
	June 30, 2019		
	Current		
	1% Decrease to 6.10%	Discount Rate 7.10%	1% Increase to 8.10%
Net OPEB Liability	\$ <u>4,997,881</u>	\$ <u>4,125,639</u>	\$ <u>3,417,929</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

E. Sensitivity of the SWPCA's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the SWPCA, as well as what the SWPCA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

June 30, 2020			
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>3,450,987</u>	\$ <u>4,292,809</u>	\$ <u>5,334,972</u>

June 30, 2019			
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>3,332,857</u>	\$ <u>4,125,639</u>	\$ <u>5,108,379</u>

F. SWPCA's OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 and 2019, the SWPCA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2020		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 780,732
Changes of assumptions	653,014	
Net difference between projected and actual earning on pension plan investments	<u>61,817</u>	
Total	\$ <u>714,831</u>	\$ <u>780,732</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 704,623	\$ 878,797
Changes of assumptions		
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>

Subsequent to June 30, 2020, 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,

2021	\$ (52,181)
2022	(52,163)
2023	20,687
2024	17,756

The SWPCA recognized OPEB expense of \$521,700 and \$908,999 for the fiscal years ended June 30, 2020 and 2019, respectively.

13. SUBSEQUENT EVENTS

On December 9, 2020, the SWPCA issued \$23,765,000 of Revenue Bonds (Series A) with coupon rates ranging 3% to 5%. The proceeds of the bonds will be used to fund various construction projects authorized by the SWPCA.

On December 9, 2020, the SWPCA issued \$15,850,000 of Revenue Refunding Bonds (Series B) with coupon rates ranging 3% to 5%. The bonds were issued to refund the SWPCA's 2006 State of Connecticut Clean Water Fund Project Loan Obligation.

14. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The SWPCA derives a significant portion of its revenues from property taxes. While the SWPCA has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty regarding the economic impact of the pandemic on future property tax revenues and other SWPCA charges for services. In addition, at this time, it is uncertain what the effects of the pandemic will be on the SWPCA's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Sewer use charges	\$ 21,118,881	\$ 21,118,881	\$ 22,109,187	\$ 990,306
Contract revenue - Town of Darien, CT	2,330,924	2,330,924	1,636,340	(694,584)
Contract revenue - Aquarion Water Company	432,632	432,632	445,449	12,817
Fees and other income	361,000	361,000	380,415	19,415
Nitrogen trading credit	500,000	500,000	1,469,841	969,841
Total operating revenues	<u>24,743,437</u>	<u>24,743,437</u>	<u>26,041,232</u>	<u>1,297,795</u>
Nonoperating revenues:				
Special assessments, connection charges, and other	2,442,254	2,442,254	3,647,122	1,204,868
Net gain on insurance recoveries			308,685	308,685
Interest income and change in investment value	<u>300,000</u>	<u>300,000</u>	<u>716,124</u>	<u>416,124</u>
Total nonoperating revenues	<u>2,742,254</u>	<u>2,742,254</u>	<u>4,671,931</u>	<u>1,929,677</u>
Capital contributions - grants			48,455	48,455
Total	<u>\$ 27,485,691</u>	<u>\$ 27,485,691</u>	30,761,618	<u>\$ 3,275,927</u>
Budgetary revenues are different than GAAP revenues because:				
Interest subsidy			<u>(47,942)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenses and Changes in Net Position			<u>\$ 30,713,676</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, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Operating expenses:				
Administration	\$ 5,218,102	\$ 5,202,102	\$ 4,698,333	\$ 503,769
Process control	3,603,228	3,496,295	2,811,072	685,223
Laboratory	362,731	362,731	348,072	14,659
Sludge processing	2,870,101	2,977,034	2,622,525	354,509
Regulatory compliance	119,920	141,772	120,345	21,427
Building maintenance	330,250	346,250	215,443	130,807
Equipment maintenance	1,272,425	1,262,425	955,338	307,087
Pump station maintenance	916,682	916,682	644,533	272,149
Sanitary sewer maintenance	540,772	528,920	380,597	148,323
Barrier maintenance	273,910	273,910	140,451	133,459
Billing services	554,900	554,900	472,849	82,051
Total operating expenses	<u>16,063,021</u>	<u>16,063,021</u>	<u>13,409,558</u>	<u>2,653,463</u>
Nonoperating expenses:				
Debt service	10,922,670	10,922,670	10,530,738	391,932
Miscellaneous contingency	500,000	500,000		500,000
Total nonoperating expenses	<u>11,422,670</u>	<u>11,422,670</u>	<u>10,530,738</u>	<u>891,932</u>
Total	\$ <u>27,485,691</u>	\$ <u>27,485,691</u>	23,940,296	\$ <u>3,545,395</u>

Budgetary expenses are different than GAAP expenses because:

Change in net pension liability	727,179
Change in net OPEB liability	167,170
Change in deferred outflows of resources	(110,372)
Change in deferred inflows of resources	(160,419)
Depreciation	5,951,604
Interest subsidy	(47,942)
Principal payments on debt	(12,994,931)
Principal payments made on crossover refunding	<u>5,950,000</u>

Total Expenses and Other Financing Uses as Reported on the
Statement of Revenues, Expenses and Changes in Net Position

\$ 23,422,585

STATISTICAL SECTION

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>2020</u>	<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>
Operating Revenues:										
Total operating revenues	\$ 25,993	\$ 27,550	\$ 24,708	\$ 24,135	\$ 24,469	\$23,769	\$ 22,355	\$21,155	\$20,305	\$18,504
Operating Expenses:										
Operations and supplies	6,526	7,543	6,704	6,454	7,152	7,153	7,228	8,131	6,120	6,800
Salaries, benefits and claims	6,745	6,182	6,553	6,019	6,356	5,950	4,541	5,196	5,468	4,773
Depreciation	5,952	6,149	5,971	5,714	5,583	5,507	5,373	5,239	5,055	5,087
Total Operating Expenses	<u>19,223</u>	<u>19,874</u>	<u>19,228</u>	<u>18,187</u>	<u>19,091</u>	<u>18,610</u>	<u>17,141</u>	<u>18,566</u>	<u>16,642</u>	<u>16,660</u>
Operating Income	<u>6,770</u>	<u>7,676</u>	<u>5,480</u>	<u>5,948</u>	<u>5,378</u>	<u>5,159</u>	<u>5,213</u>	<u>2,589</u>	<u>3,663</u>	<u>1,844</u>
Nonoperating Revenue (Expense):										
Special assessments and connection charges	3,647	3,624	3,398	4,014	2,821	3,911	2,516	2,987	2,703	3,182
Provision for doubtful accounts - Special assessments and connection charges								(500)		(100)
Interest income and change in investment value	716	721	194	(30)	83	18	34	95	98	113
Net gain on insurance recoveries	309									
Gain on sale of assets				8	42					
Interest expense	(3,438)	(3,522)	(3,320)	(3,322)	(3,045)	(3,227)	(3,149)	(2,940)	(3,133)	(3,182)
Transfers in							288			1,067
Net Nonoperating Revenue (Expense)	<u>1,234</u>	<u>823</u>	<u>272</u>	<u>670</u>	<u>(99)</u>	<u>702</u>	<u>(311)</u>	<u>(358)</u>	<u>(332)</u>	<u>1,081</u>
Capital Grants, Transfers Out and Special Items:										
Capital grants	48	77	191	66	390					
Transfers out	(429)	(421)	(455)	(398)	(324)	(349)				
Total	<u>(381)</u>	<u>(344)</u>	<u>(264)</u>	<u>(332)</u>	<u>66</u>	<u>(349)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change In Net Business	<u>7,623</u>	<u>8,155</u>	<u>5,488</u>	<u>6,286</u>	<u>5,344</u>	<u>5,513</u>	<u>4,902</u>	<u>2,231</u>	<u>3,330</u>	<u>2,925</u>
Net position - beginning of year	91,501	83,346	77,858	71,572	69,359	63,846	58,943	59,493	56,163	53,238
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	<u>\$ 99,124</u>	<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>

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

	<u>2020</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>
				(Restated)	(Restated)		(Restated)	(Restated)		
Net Position:										
Net investment in capital assets	\$ 51,252	\$43,877	\$45,196	\$50,217	\$49,195	\$50,755	\$48,395	\$50,460	\$46,503	\$45,613
Restricted for debt service and capital improvements	14,083	13,609	11,247	11,170	10,906	9,597	9,532	7,965	7,742	7,811
Unrestricted	33,789	34,015	26,903	16,471	14,602	9,007	5,919	3,299	5,248	2,739
Restatement for net pension loss per GASB 68								(2,780)		
Restatement for net OPEB loss per GASB 75					(3,131)					
Total Net Position	<u>\$ 99,124</u>	<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>

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
2020	19,348	4,259,877	0.28%	\$5.00	0.00%	\$510.00
2019	19,671	4,248,187	(3.60)%	\$5.00	3.39%	\$510.00
2018	19,648	4,169,897	2.06%	\$4.88	1.72%	\$497.76
2017	19,598	4,325,661	(3.08)%	\$4.72	1.98%	\$481.44
2016	19,619	4,238,192	2.27%	\$4.64	3.41%	\$473.28
2015	19,470	4,372,971	0.14%	\$4.55	8.64%	\$464.10
2014	19,447	4,276,100	(1.00)%	\$4.40	4.92%	\$448.80
2013	19,378	4,270,274	0.83%	\$4.05	8.43%	\$429.42
2012	19,381	4,313,364	(6.50)%	\$3.86	2.89%	\$393.72
2011	19,360	4,277,668	0.48%	\$3.56	2.37%	\$391.60

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)**

2020			2019 (Restated)		
Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption	Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption
1 Stamford Hospital	65,978	1.55%	1 Stamford Hospital	57,696	1.35%
2 Stamford Housing Authority	48,286	1.13%	2 City of Stamford	51,393	1.21%
3 City of Stamford	44,866	1.05%	3 Stamford Housing Authority	43,012	1.01%
4 Rippowan Park Associates LP	42,822	1.01%	4 Stamford Town Center	38,300	0.90%
5 SLC Operating LP	32,946	0.77%	5 Rippowan Park Associates LP	40,872	0.96%
6 Cornerstone Apartments	29,864	0.70%	6 Cornerstone Apartments	36,192	0.85%
7 Hoyt Bedford Apartments	29,190	0.69%	7 Hilton Stamford Hotel	28,260	0.66%
8 Stamford Town Center	27,572	0.65%	8 Hoyt Bedford Apartments	24,692	0.58%
9 Stamford Marriott Hotel	22,628	0.53%	9 SLC Operating LP	24,614	0.58%
10 Hilton Stamford Hotel	21,006	0.49%	10 Stamford Marriott Hotel	21,796	0.51%
Total	<u>365,158</u>	8.57%	Total	<u>366,827</u>	8.63%
Total Consumption Billed in CCF	4,259,877		Total Consumption Billed in CCF	4,248,187	

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
2020	\$ 6,230	\$ 61,705	\$ 21,699	\$ 89,634	19,348	\$ 4,633
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
2014	12,970	40,620	41,760	95,350	19,470	4,897
2013	14,919	41,337	45,625	101,881	19,447	5,239
2012	16,762	27,614	49,494	93,870	19,378	4,844
2010	18,496	28,345	53,291	100,132	19,381	5,167
2011	20,190	29,051	57,016	106,257	19,360	5,488

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	
2020	\$ 29,640	\$ 13,272	\$ 16,369	\$ 5,560	\$ 2,670	\$ 8,230	1.99
2019	31,174	13,825	17,350	5,560	2,670	8,234	2.11
2018	28,106	12,473	15,634	5,408	2,826	8,236	1.90
2017	28,149	12,580	15,569	5,262	2,974	8,263	1.89
2016	27,289	13,508	13,782	5,153	3,110	7,519	1.67
2015	27,680	13,103	14,578	4,829	2,690	7,302	1.94
2014	24,870	11,769	13,102	4,499	2,803	6,716	1.79
2013	24,142	16,187	7,956	4,415	2,301	6,817	1.18
2012	23,008	11,645	11,363	4,512	2,305	6,821	1.67
2011	21,686	11,573	10,113	4,415	2,406	6,826	1.48

Source: City and SWPCA records

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

	<u>2020</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>
FTE's	<u>42</u>	<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>

Source: City records

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

<u>Function/Program</u>	<u>2020</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>
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	23	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	4	3	3	3
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	250	275	304	304	304
Treatment capacity (million gallons per day)	24	24	24	24	24	24	24	24	24	24

Source: SWPCA records