

**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, 2018 AND 2017**

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
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JUNE 30, 2018 AND 2017**

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# INTRODUCTORY SECTION



## **Letter of Transmittal**

December 28, 2018

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, 2018 in compliance with Connecticut State law. The SWPCA management assumes full responsibility for the completeness and reliability of the information contained in this report. A framework of internal control has been established by the management of the SWPCA. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants, has issued an unmodified opinion on the SWPCA's financial statements for the year ended June 30, 2018. 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, 2018 the flow to the plant averaged approximately 15.2 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 dated December 3, 2013, which replaced previous agreements dating from 2001 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 13.3% of such costs in the fiscal year ended June 30, 2018. 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. The Interlocal Agreement expired on July 1, 2018 and SWPCA and Darien are negotiating its renewal for another 5 year term.

### **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, 2018 were:

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

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

### **Rates and Charges**

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

### **Capital Improvement Plan**

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

Respectfully Submitted,



Michael E. Handler  
Chairman  
SWPCA Board of Directors



# FINANCIAL SECTION

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the Stamford Water Pollution Control Authority (the SWPCA) (an Enterprise Fund of the City of Stamford, Connecticut) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the SWPCA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SWPCA as of June 30, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Change in Accounting Principle***

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2018, the SWPCA adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Due to the adoption of this guidance the SWPCA restated its 2017 financial statements, resulting in a restatement of the June 30, 2016 net position to recognize the net position liability requires in implementing GASB No. 75. Our opinion is not modified with respect to this matter.

### ***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, 2018 and 2017, and the changes in its financial position and its cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 28, 2018

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

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, 2018. Please read it in conjunction with the letter of transmittal and the financial statements that follow this section.

**Financial Highlights**

- As of June 30, 2018, the SWPCA's total assets and deferred outflows of resources (\$191.6 million) exceeded its total liabilities and deferred inflows (\$108.3 million), resulting in total net position of \$83.3 million. Net position increased \$5.5 million versus the prior year-end period (as restated) primarily due to an increase in unrestricted net position (\$10.5 million) offset by a decrease in net investment in capital assets (\$5.0 million).
- Operating revenues in fiscal 2018 were \$24.7 million, compared to \$24.1 million in the prior year primarily reflecting an increase in Sewer Use Charges (\$.5 million) and Fees and Other Income (\$.1 million). Operating expenses were \$19.2 million versus \$18.2 million the prior year (as restated). Operating income was \$5.5 million as compared to \$5.9 million in the prior year (as restated).
- As noted above, total net position increased \$5.5 million (7.0%), to \$83.3 million. The unrestricted part of net position increased to \$26.9 million and represents approximately 109% of operating revenue, compared to approximately 68% in the prior year (as restated).
- Current assets increased by \$8.8 million, primarily reflecting an increase in unrestricted cash and investments (\$6.1 million) and an increase in due from general fund (\$6.2 million) offset by a decrease in sewer connection charges (\$3.6 million). Days sales outstanding ("DSO") for the gross usage charges accounts receivable increased by 2 days to 58 days from the prior year.
- Current liabilities decreased by \$0.7 million, primarily due to decreases in accounts payable (\$.3 million) and accrued liabilities (\$.4 million).
- Long term debt outstanding – including general obligation bonds, revenue bonds, and notes payable – decreased by \$.4 million to \$98.7 million as of June 30, 2018 reflecting debt service payments of \$6.8 million offset by a cross over refunding issue including bond premium of \$6.4 million. The SWPCA's outstanding debt is rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.
- The SWPCA's capital assets, net of accumulated depreciation, decreased by about \$.3 million to \$135.1 million versus the prior period. Depreciation expense of \$6.0 million was offset by capital asset additions of \$5.7 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. \$7.7 million of unexpended bond proceeds from the 2015 and 2013 debt issuance is available to fund authorized capital projects.
- The SWPCA continues to use the City for certain back-office support services such as payroll, accounts payable, procurement, IT tech support, etc., which would not be cost efficient to implement internally at the present time. The City is reimbursed for the cost of these support services.

## **Overview of the Financial Statements**

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

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

### **Statement of Net Position.**

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

### **Statement of Revenues, Expenses and Changes in Net Position.**

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

### **Statement of Cash Flows.**

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

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

### **Notes to the Financial Statements.**

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

## **Annual Revenue and Expense Budgets**

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

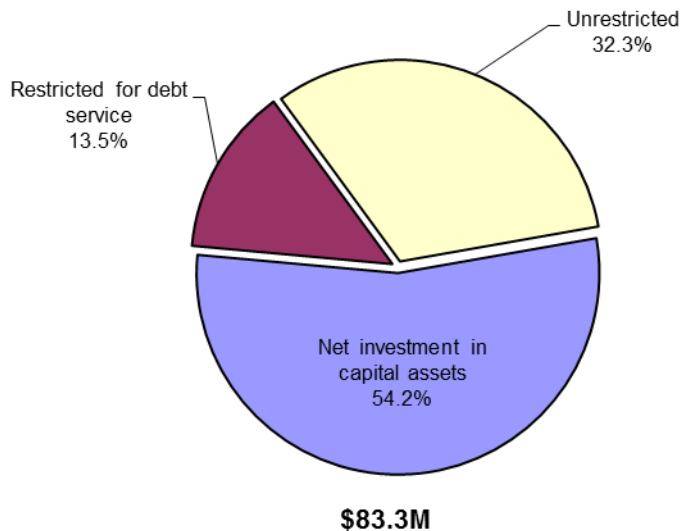
## **Financial Analysis**

The SWPCA's total net position (excess of assets over liabilities) was \$83.3 million at June 30, 2018. The SWPCA's unrestricted net position increased by approximately \$10.5 million to approximately \$26.9 million at June 30, 2018 and provided additional financial flexibility to meet the needs of the SWPCA's customers and creditors.

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>\$ Change</u>	<u>% Change</u>
		<u>(Restated)</u>		
Assets:				
Current Assets	\$ 27,608	\$ 18,766	\$ 8,842	
Restricted Cash	18,925	23,980	(5,055)	
Non-Current Assets (special assessments)	7,997	7,047	950	
Capital Assets (net of depreciation)	<u>135,079</u>	<u>135,351</u>	<u>(272)</u>	
<b>Total Assets</b>	<u>189,609</u>	<u>185,144</u>	<u>4,465</u>	
Deferred Outflows of Resources:	<u>2,026</u>	<u>1,826</u>	<u>200</u>	
Current Liabilities	8,840	9,517	(677)	
Long-term Liabilities	<u>98,922</u>	<u>99,160</u>	<u>(238)</u>	
<b>Total Liabilities</b>	<u>107,762</u>	<u>108,677</u>	<u>(915)</u>	
Deferred Inflows of Resources:	<u>527</u>	<u>435</u>	<u>92</u>	
Net Position:				
Net investment in capital assets	45,196	50,217	(5,021)	-10.0%
Restricted for Debt Service	11,247	11,170	77	0.7%
Unrestricted	<u>26,903</u>	<u>16,471</u>	<u>10,432</u>	63.3%
<b>Total Net Position</b>	<u>\$ 83,346</u>	<u>\$ 77,858</u>	<u>\$ 5,488</u>	7.0%

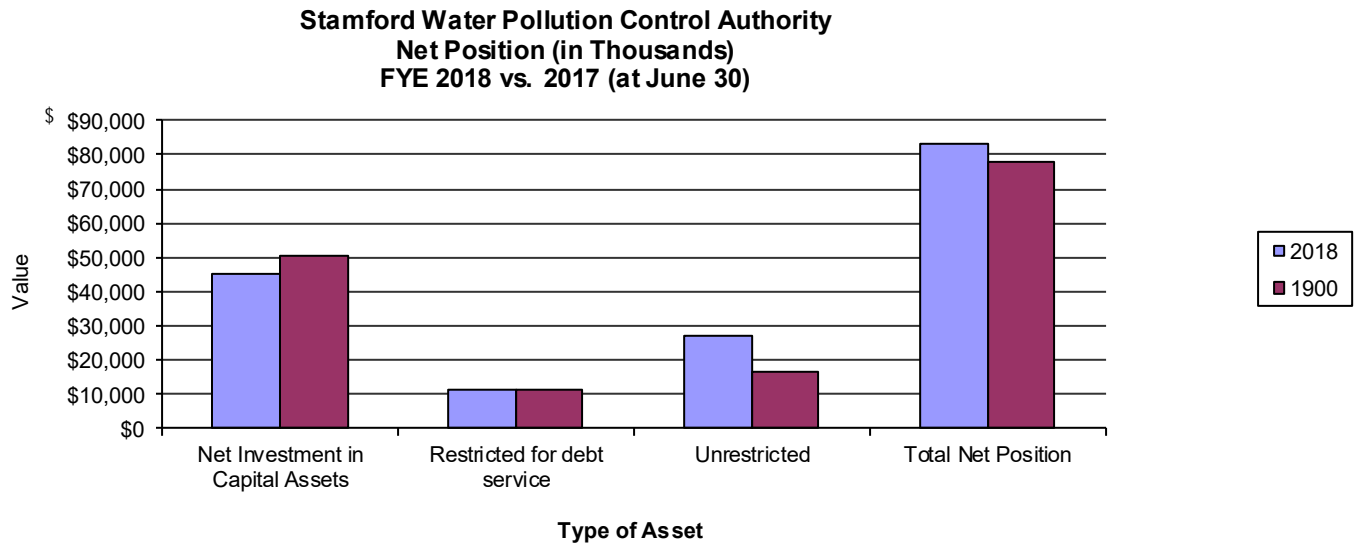
**Stamford Water Pollution Control Authority  
Net Position  
June 30, 2018**



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, 2018, the SWPCA's current ratio was 3.12 to 1 as compared to 1.97 to 1 at the prior year-end.

In fiscal year 2018, net working capital (current assets minus current liabilities) improved by \$9.5 million to \$18.8 million, primarily reflecting increases of \$6.1 million in unrestricted cash and investments and \$6.2 million in amounts due from other funds and decreases in accounts payable (\$.3 million) and accrued liabilities (\$.4 million) offset by a decrease in accounts receivable from sewer connection fees (\$3.6 million). During the past year, the SWPCA has maintained a positive pooled cash balance and has not required any cash advances from the City to cover short-term cash needs. 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 2017 and April 2018 billing cycles
- Budgeting for an increase in cash reserves of \$1.0 million in fiscal year 2019



**Net Position – Net Investment in Capital Assets.**

At June 30, 2018, the largest portion of the SWPCA's \$83.3 million in net position (approximately 54%) 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 and 2015 Revenue Bond issuances. Of the SWPCA's \$83.3 million in total net position as of June 30, 2018, \$11.2 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, 2018, \$26.9 million, or approximately 32%, was unrestricted and available to be used to meet the SWPCA's obligations to customers, creditors, and day-to-day operations.

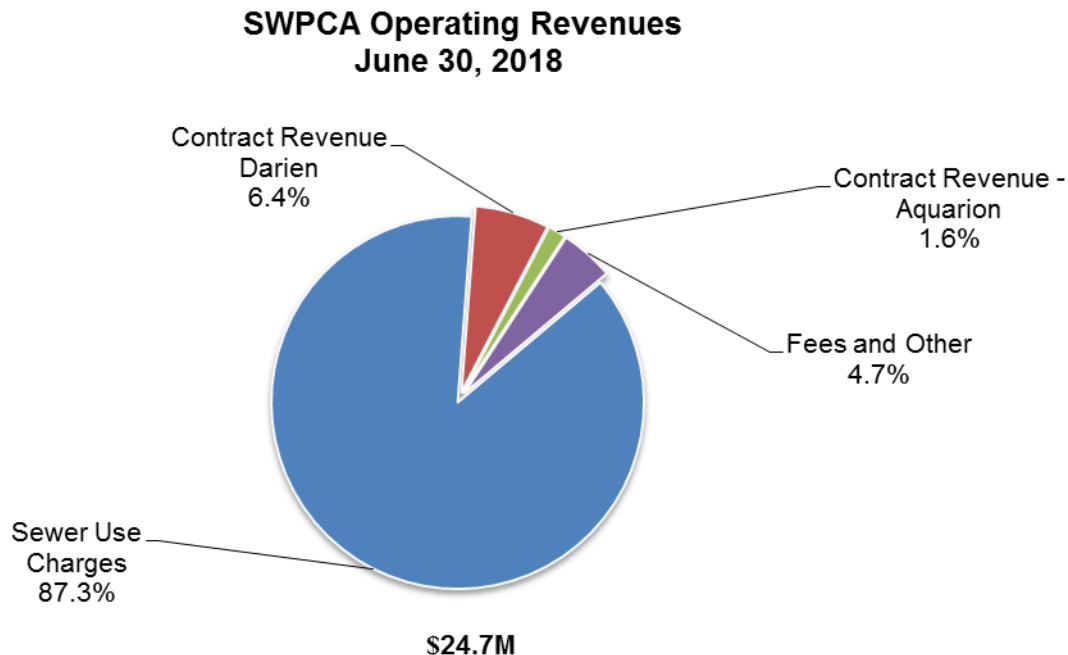
**Statement of Revenues  
Expenses and Other Changes  
in Net Position (in Thousands)**

	<u>Fiscal 2018</u>	<u>Fiscal 2017</u> (Restated)	<u>\$ Change</u>
Operating revenues	\$ 24,708	\$ 24,135	\$ 573
Operating expenses	19,229	18,187	1,042
<b>Net Operating Income</b>	<u>5,480</u>	<u>5,948</u>	<u>(469)</u>
Nonoperating revenue (expenses)	272	669	(397)
Capital contributions - Grant	191	66	125
Transfers out	(455)	(398)	(57)
<b>Change in Net Assets</b>	<u>5,488</u>	<u>6,285</u>	<u>(797)</u>
Net position - beginning of year	<u>77,858</u>	<u>71,573</u>	<u>6,285</u>
Net Position - End of Year	<u><u>\$ 83,346</u></u>	<u><u>\$ 77,858</u></u>	<u><u>\$ 5,488</u></u>

**Operating Revenues and Expenses**

**Revenues.**

In fiscal year 2018, the SWPCA's operating revenue included sewer use charges for both City and Town of Darien customers were approximately 94% of total operating revenue and Aquarion contract revenue, fees and other income were approximately 6% of total operating revenue.



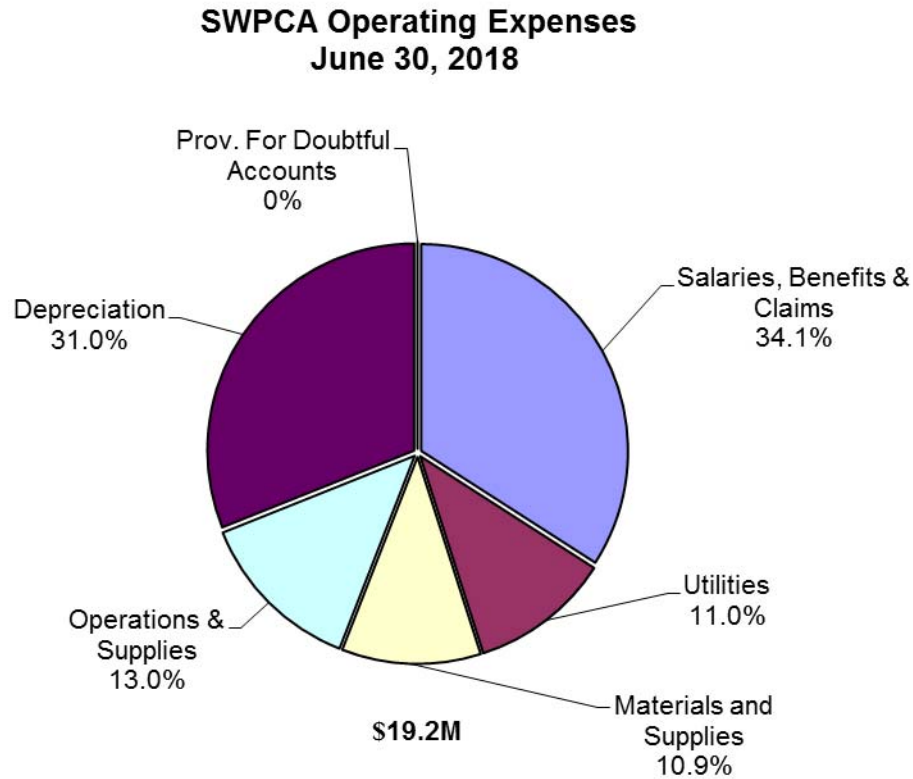
The original fiscal year 2018 revenue estimate for sewer use charges was \$19.8 million prior to actual consumption data being available. At the annual rate setting meeting, adjustments were made to account for collection rate assumptions, estimates of other revenue, and indenture requirements for debt service coverage. Based on these adjustments, the sewer use charge billing rate was set at \$4.88 per CCF, resulting in an annual billing, and an adjusted original budget, of \$20.2 million (based on assumed consumption of 4.23 million CCFs). After adjustments (e.g., off-cycle charges, cancel/rebill charges), the amount of revenue billed in fiscal year 2018 based on actual consumption of 4.17 million CCFs was \$20.3 million.

Fiscal year 2018 operating revenues totaled \$24.7 million (as compared to \$24.1 million the prior year) and included sewer use charges, lien fees and interest (\$21.1 million), contract revenues (\$1.6 million and \$0.4 million, from Darien and Aquarion, respectively), other reimbursements (\$.4 million) and fees and other income (\$1.2 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 2018 was approximately 98% (vs. approximately 97% in the prior year).

**Expenses.**

In fiscal year 2018 the SWPCA’s operating expenses totaled \$19.2 million (as compared to \$18.2 million the prior year, as restated), and consisted of salaries, employee benefits and claims (\$6.6 million), utilities costs (\$2.1 million), materials and supplies (\$2.1 million), operations and supplies (\$2.5 million) and depreciation (\$6.0 million).



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

The SWPCA’s fiscal year 2018 non-operating revenue of \$3.8 million included special assessments and connection charges (\$2.5 million), capital reimbursements from Darien (\$.9 million), interest income (\$.2 million) and Connecticut Clean Water Grant funds (\$.2 million); non-operating expense and transfers out was primarily interest expense (\$3.3 million) and transfers to the City (\$.5 million). Additional information on revenue and expense budgetary information is contained in the Supplementary and Other Information section of the financial statements.

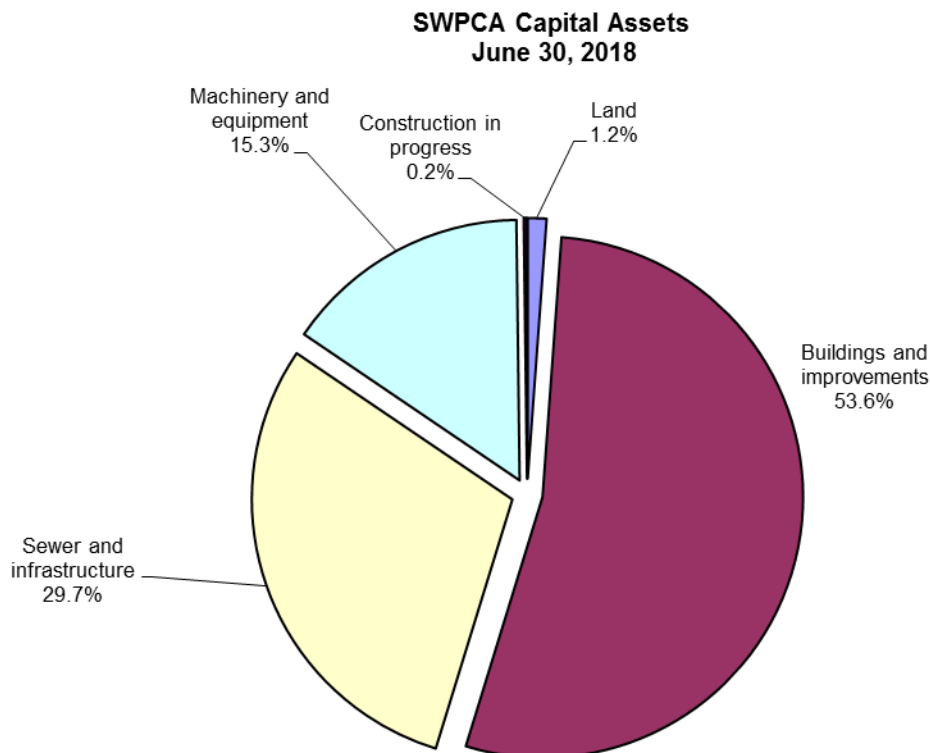
**Capital Assets**

As of June 30, 2018, the SWPCA had total capital assets, net of accumulated depreciation, of approximately \$135.1 million, as follows:

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>\$ Change</u>
Land	\$ 2,833	\$ 2,833	\$ -
Buildings and improvements	130,912	125,710	5,202
Sewer and infrastructure	72,603	72,156	447
Machinery and equipment	37,421	37,389	32
Construction in progress	493	475	18
Subtotal	<u>244,262</u>	<u>238,563</u>	<u>5,699</u>
Less accumulated depreciation	<u>(109,183)</u>	<u>(103,212)</u>	<u>(5,971)</u>
Total	<u>\$ 135,079</u>	<u>\$ 135,351</u>	<u>\$ (272)</u>

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





### **SWPCA Capital Projects.**

The SWPCA typically manages multiple concurrent capital projects. The projects are categorized as engineering studies, engineering design, building construction and equipment replacement (or upgrades), and sanitary sewer systems repairs or extensions. Capital projects completed or ongoing during the fiscal year ended June 30, 2018 were as follows:

- Engineering design of the extension of the sanitary sewer system to serve the Perna Lane Area was completed, and the sewer project is in the permitting and approval phase. Engineering design of a sewer extension to serve the Wedgemere Road area, which includes White Oak Lane and Emerald Lane, is nearing completion.
- Construction of Flow Distribution Improvements at the Water Pollution Control Facility was completed.
- Construction of the upgrade of the Dyke Lane Storm Water Pump Station is ongoing and scheduled for completion in FY 18-19.
- 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 were identified and prioritized for further evaluation to identify and remove the source(s) of I/I in the next phase of the program. Rehabilitation of sewers and manholes in the pilot sub-area to remove I/I is included.
- 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.
- Installation of the upgrade of the WPCF's computerized Supervisory Control and Data Acquisition (SCADA) system was completed
- Very importantly, improvements to the Odor Control systems at the WPCF are ongoing and fugitive odors have been significantly reduced.
- Engineering design of the Upgrade of the Raw Sewage Pump Station, Ultra-violet (UV) Disinfection System, and Improvements to the Secondary Treatment Process is ongoing and the projects are scheduled to start construction in FY 18-19.
- About 350 feet of ten (10) inch diameter glass lined ductile iron pipe was installed to replace deteriorated six (6) inch diameter pipe for conveying primary sludge to the sludge dewatering system and gravity thickeners at the Water Pollution Control Facility.
- The sludge collection mechanism in Primary Clarifier No. 2 was totally replaced.

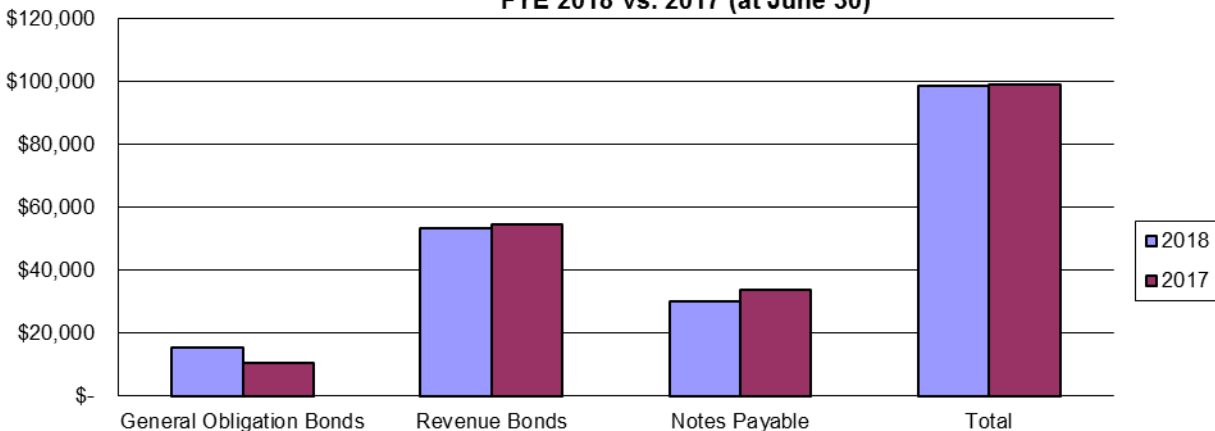
**Debt Outstanding**

As of June 30, 2018, the SWPCA had bonds and notes payable outstanding of approximately \$98.7 million, as follows:

**Stamford Water Pollution Control Authority  
Debt Outstanding (in Thousands)**

	2018	% of Total	2017	% of Total
General Obligation Bonds	\$ 15,595	15.8%	\$ 10,557	10.7%
Revenue Bonds	53,152	53.9%	54,619	55.1%
Notes Payable	29,937	30.3%	33,934	34.2%
<b>Total</b>	<b>\$ 98,684</b>	<b>100.0%</b>	<b>\$ 99,110</b>	<b>100.0%</b>

**SWPCA Long-Term Debt (in Thousands)  
FYE 2018 vs. 2017 (at June 30)**



The SWPCA’S total debt outstanding – including current and long-term general obligation bonds, revenue bonds, and notes payable – decreased by \$.4 million to \$98.7 million as of June 30, 2018. This decrease reflects the repayment of bonds and notes payable of \$6.8 million offset by a cross over refunding issue including bond premium of \$6.4 million. Additional information on debt outstanding is presented in Note 6 of this report on pages 23-28.

**Organization of SWPCA Operations**

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

**Administration:**

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

**Process:**

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


**Maintenance:**

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

As of June 30, 2018, the SWPCA had 43 full time equivalent employees versus 44 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](http://www.stamfordct.gov). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Michael E. Handler, Chairman of the SWPCA, at 111 Harbor View Ave, Stamford, CT 06902. Mr. Handler is also the City's Director of Administration ([MHandler@stamfordct.gov](mailto:MHandler@stamfordct.gov)), and maintains an office at 888 Washington Boulevard, Stamford, CT 06901.



BASIC  
FINANCIAL  
STATEMENTS

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
COMPARATIVE STATEMENTS OF NET POSITION  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u> <u>(Restated)</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 10,661,738	\$ 8,084,284
Investments	6,582,312	3,021,799
Accounts receivable:		
Usage charges, net of allowance for doubtful accounts of \$2,000,000	1,643,444	1,477,356
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000	1,743,527	5,406,185
Other receivables	785,181	766,220
Due from other funds	6,181,603	
Other current assets	9,902	9,902
Total current assets	<u>27,607,707</u>	<u>18,765,746</u>
Noncurrent:		
Restricted cash and cash equivalents	18,925,036	23,979,821
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000	7,996,588	7,046,936
Capital assets not being depreciated	3,325,455	3,308,562
Capital assets being depreciated, net of depreciation	131,753,605	132,042,927
Total noncurrent assets	<u>162,000,684</u>	<u>166,378,246</u>
Total assets	<u>189,608,391</u>	<u>185,143,992</u>
Deferred Outflows of Resources:		
Deferred amounts on refunding	1,123,048	1,165,888
Deferred outflows related to pension	627,218	660,315
Deferred outflows related to OPEB	275,396	
Total deferred outflows of resources	<u>2,025,662</u>	<u>1,826,203</u>
Liabilities:		
Current:		
Accounts payable	1,237,056	1,584,763
Accrued liabilities	99,807	484,881
Accrued interest payable	470,441	490,636
Unearned revenue	94,974	185,121
Current portion of bonds payable	2,627,797	2,559,859
Current portion of notes payable	4,077,555	3,996,881
Current portion of compensated absences	230,308	214,122
Total current liabilities	<u>8,837,938</u>	<u>9,516,263</u>
Noncurrent liabilities:		
Bonds payable	66,119,397	62,616,338
Notes payable	25,859,155	29,936,710
Compensated absences	126,306	139,894
Net pension liability	3,028,099	2,539,385
Net OPEB liability	3,789,497	3,927,976
Total noncurrent liabilities	<u>98,922,454</u>	<u>99,160,303</u>
Total liabilities	<u>107,760,392</u>	<u>108,676,566</u>
Deferred Inflows of Resources:		
Deferred inflows related to pension	168,467	435,488
Deferred inflows related to OPEB	358,910	
Total deferred inflows of resources	<u>527,377</u>	<u>435,488</u>
Net Position:		
Net investment in capital assets	45,195,754	50,217,370
Restricted for debt service	11,247,486	11,170,040
Unrestricted	26,903,044	16,470,731
Total Net Position	<u>\$ 83,346,284</u>	<u>\$ 77,858,141</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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u> (Restated)
Operating Revenues:		
Sewer use charges	\$ 23,556,163	\$ 23,044,678
Fees and other income	<u>1,152,017</u>	<u>1,090,238</u>
Total operating revenues	<u>24,708,180</u>	<u>24,134,916</u>
Operating Expenses:		
Salaries, benefits and claims	6,553,256	6,019,180
Operations and supplies	6,704,378	6,453,729
Depreciation	<u>5,971,043</u>	<u>5,713,812</u>
Total operating expenses	<u>19,228,677</u>	<u>18,186,721</u>
Operating Income	<u>5,479,503</u>	<u>5,948,195</u>
Nonoperating Revenue (Expense):		
Special assessments, connection charges, and other	3,398,245	4,013,718
Interest income and change in investment value	193,801	(29,921)
Gain on sale of assets		8,040
Interest expense	<u>(3,319,771)</u>	<u>(3,322,638)</u>
Net nonoperating revenue	<u>272,275</u>	<u>669,199</u>
Income Before Capital Contributions and Transfers	5,751,778	6,617,394
Capital contributions - Grant	191,031	66,077
Transfers Out	<u>(454,666)</u>	<u>(398,132)</u>
Change in Net Position	5,488,143	6,285,339
Net Position - Beginning of Year, as Restated	<u>77,858,141</u>	<u>71,572,802</u>
Net Position - End of Year	<u>\$ 83,346,284</u>	<u>\$ 77,858,141</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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u> <b>(Restated)</b>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 24,432,984	\$ 25,452,220
Payments to suppliers	(7,437,160)	(6,504,654)
Payments to employees	(4,216,490)	(4,187,521)
Payments for benefits and claims	<u>(2,091,503)</u>	<u>(1,883,472)</u>
Net cash provided by operating activities	<u>10,687,831</u>	<u>12,876,573</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	<u>(454,666)</u>	<u>(398,132)</u>
Net cash used in noncapital financing activities	<u>(454,666)</u>	<u>(398,132)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital grants	191,031	66,077
Principal payments on debt	(6,391,566)	(6,335,403)
Interest paid on debt and other sources and uses	(3,555,886)	(3,438,035)
Special assessments, connection charges, and other	6,111,251	2,584,475
Purchase of capital assets	(5,698,614)	(3,427,619)
Sale of capital assets	<u>362,364</u>	<u>362,364</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,343,784)</u>	<u>(10,188,141)</u>
Cash Flows from Investing Activities:		
Interest received on investments	193,801	(29,921)
Sale (purchase) of investments	<u>(3,560,513)</u>	<u>3,047,083</u>
Net cash provided by (used in) investing activities	<u>(3,366,712)</u>	<u>3,017,162</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,477,331)	5,307,462
Cash and Cash Equivalents - Beginning of Year (including restricted cash and cash equivalents)	<u>32,064,105</u>	<u>26,756,643</u>
Cash and Cash Equivalents - End of Year (including restricted cash and cash equivalents)	<u>\$ 29,586,774</u>	<u>\$ 32,064,105</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 5,479,503	\$ 5,948,195
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,971,043	5,713,812
Changes in assets and liabilities:		
(Increase) decrease in usage charges	(166,088)	278,984
(Increase) decrease in other receivables	(18,961)	1,016,102
(Increase) decrease in deferred outflows of resources	(199,459)	957,344
Increase (decrease) in accounts payable	(347,708)	(50,925)
Increase (decrease) in accrued liabilities	(385,074)	26,226
Increase (decrease) in unearned revenues	(90,147)	22,218
Increase (decrease) in compensated absences	2,598	
Increase (decrease) in net pension liability	488,714	(892,159)
Increase (decrease) in net OPEB liability	(138,479)	(107,618)
Increase (decrease) in deferred inflows of resources	<u>91,889</u>	<u>(35,606)</u>
Net Cash Provided by Operating Activities	<u>\$ 10,687,831</u>	<u>\$ 12,876,573</u>

The accompanying notes are an integral part of the financial statements

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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 \$10,111,882 and \$7,573,897 at June 30, 2018 and 2017, respectively. The SWPCA's own unrestricted cash balance was \$549,856 and \$510,387 at June 30, 2018 and 2017, respectively.

**E. Accounts Receivable**

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



**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**F. Capital Assets**

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

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

The SWPCA capitalizes interest during the period of construction.

**G. Deferred Outflows/Inflows of Resources**

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

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

**H. Compensated Absences**

Under terms of the bargaining unit agreements, employees are awarded vacation on July 1 of each year based on years of service, and can accumulate up to 45-60 days of unused vacation, depending upon their specific union contract. Employees are also allowed sick leave, which is earned monthly, and can accumulate up to 150 days. Upon termination of employment without eligibility for retirement, each employee is paid for unused vacation.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**I. Net Pension Liability**

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

**J. Net OPEB Liability**

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

**K. Operating Revenues and Expenses**

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

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

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

**L. Special Assessments and Connection Charges**

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

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**M. Net Position**

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

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

**N. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**O. Reclassifications**

Certain items relating to the prior year have been reclassified to conform to the current year's financial statement presentation. The reclassifications have no effect on previously reported results.

**P. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 28, 2018, the date that the financial statements were available to be issued.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Cash Equivalents**

As of June 30, 2018 and 2017, 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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 10,661,738	\$ 8,084,284
Restricted cash and cash equivalents	<u>18,925,036</u>	<u>23,979,821</u>
	<u>\$ 29,586,774</u>	<u>\$ 32,064,105</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The restricted cash balance at June 30, 2018 and 2017 was restricted in accordance with the terms of various outstanding debt of the SWPCA (Note 5).

**B. Investments**

As of June 30, 2018 and 2017, 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>
<b><u>June 30, 2018</u></b>					
Interest-bearing investments:					
U.S. Government Securities	Aaa	\$ <u>6,582,312</u>	\$ <u>6,582,312</u>	\$ <u>-</u>	\$ <u>-</u>
<b><u>June 30, 2017</u></b>					
Interest-bearing investments:					
U.S. Government Securities	Aaa	\$ <u>3,021,799</u>	\$ <u>3,021,799</u>	\$ <u>-</u>	\$ <u>-</u>

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

The City has the following recurring fair value measurements as of June 30, 2018 and 2017:

	<u>June 30, 2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
U.S. Government Securities	\$ <u>6,582,312</u>	\$ <u>6,582,312</u>	\$ <u>-</u>	\$ <u>-</u>
	<u>June 30, 2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
U.S. Government Securities	\$ <u>3,021,799</u>	\$ <u>3,021,799</u>	\$ <u>-</u>	\$ <u>-</u>

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





**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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>2018</u>	<u>2017</u>
Clean Water Fund - Debt Service Reserve	\$ 4,428,686	\$ 4,425,333
2006 Debt Service Reserve Fund	1,989,910	1,976,530
2003 and 2006 Debt Service Funding Accrual	3,178,185	3,127,410
2012 Debt Service Reserve Fund	1,650,705	1,640,767
2013 Debt - unspent bond proceeds	116,434	778,578
2015 Debt - unspent bond proceeds	<u>7,561,116</u>	<u>12,031,203</u>
	<u>\$ 18,925,036</u>	<u>\$ 23,979,821</u>

**6. LONG-TERM OBLIGATIONS**

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

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

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

	2017				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 11,623,120	\$	\$ 1,182,392	\$ 10,440,728	\$ 1,294,859
Unamortized premium	129,589		13,414	116,175	
Revenue bonds	51,715,000		1,210,000	50,505,000	1,265,000
Unamortized premium	4,266,499		152,205	4,114,294	
Total bonds payable	67,734,208		2,558,011	65,176,197	2,559,859
Notes payable:	37,876,602		3,943,011	33,933,591	3,996,881
Total bonds and notes payable	105,610,810	-	6,501,022	99,109,788	6,556,740
Compensated absences	327,790	218,396	192,170	354,016	214,122
Net OPEB liability	4,035,594 *		107,618	3,927,976	
Net pension liability	3,431,544		892,159	2,539,385	
Long-Term Liabilities	\$ 113,405,738	\$ 218,396	\$ 7,692,969	\$ 105,931,165	\$ 6,770,862

\* As restated and further explanation in Note 13

**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, 2018 consisted of the following:

Description	Year of Issue	Amount of Interest Rate (%)	Balance Original Issue	Outstanding June 30, 2018	Outstanding June 30, 2017
Refunding bonds	2004	3.60 - 5.25 %	\$ 1,268,429	\$	\$ 156,400
Refunding bonds	2005	4.00 - 5.00	2,247,600	949,000	1,514,800
Refunding bonds	2009	3.25 - 5.00	1,073,431	483,869	594,328
Public improvement	2010	2.80 - 5.45	10,000,000	6,925,000	7,282,200
Refunding bonds	2010	4.00 - 5.00	408,000	408,000	408,000
Refunding bonds	2011	2.00 - 4.00	430,000	280,000	285,000
Refunding bonds	2013	2.00 - 5.00	1,342,884	100,000	200,000
Crossover Refunding	2018	4.00-5.00	5,312,000	5,312,000	
Total				\$ 14,457,869	\$ 10,440,728



**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
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Aggregate debt service requirements subsequent to June 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,297,797	\$ 422,100	\$ 1,719,897
2020 *	6,930,072	371,731	7,301,803
2021	837,000	327,393	1,164,393
2022	596,000	289,140	885,140
2023	614,000	256,088	870,088
2024-2028	2,930,000	787,406	3,717,406
2029-2032	<u>1,253,000</u>	<u>75,564</u>	<u>1,328,564</u>
Debt service requirement	14,457,869	2,529,422	16,987,291
Plus unamortized premium	<u>1,137,538</u>		<u>1,137,538</u>
 Total	 <u>\$ 15,595,407</u>	 <u>\$ 2,529,422</u>	 <u>\$ 18,124,829</u>

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

The SWPCA's share of interest expense incurred on general obligation bonds was \$480,243 and \$534,286 for the years ended June 30, 2018 and 2017, respectively.

**General Obligation Bonds - Crossover Refunding**

On August 1, 2017, the City issued \$23,270,000 (2017 Series D) of general obligation refunding bonds with interest rates ranging from 4.0 to 5.0%. The SWPCA's allocable portion of the City's crossover refunding bonds was \$5,312,000. The Series D bonds were issued to crossover refinance previously issued Taxable Build America Bonds dated August 12, 2009. The net proceeds of \$27,637,125 (including a premium of \$4,532,993 and issuance costs of \$165,868) were deposited into an escrow account which remains in the City's possession until the crossover date of August 1, 2019. The SWPCA portion is reported as a due from other funds of \$6,181,603. At the crossover date, the 2009 Taxable Build America Bonds will be considered defeased and the liability for those bonds as well as the funds deposited into the escrow account will be removed from the statement of net position. The refunding will reduce total debt service payments for the City (including the SWPCA) by \$1,939,920 from fiscal year 2020 through 2030 and represents an economic gain (difference between present values of the debt service payments on the old and the new debt) of \$1,659,284.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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>2018</u>	<u>2017</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 \$1,929,697 and \$2,006,628 at June 30, 2018 and 2017, respectively.	\$ 22,179,697	\$ 22,801,628
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 2015. The aggregate includes unamortized premiums of \$1,982,090 and \$2,107,666 at June 30, 2018 and 2017, respectively.	<u>30,972,090</u>	<u>31,817,666</u>
Total revenue bonds outstanding	<u>53,151,787</u>	<u>54,619,294</u>
Less unamortized premium	<u>3,911,787</u>	<u>4,114,294</u>
Total Long-Term Revenue Bonds Outstanding	<u>\$ 49,240,000</u>	<u>\$ 50,505,000</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
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Aggregate debt service requirements subsequent to June 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,330,000	\$ 2,264,819	\$ 3,594,819
2020	1,400,000	2,190,594	3,590,594
2021	1,480,000	2,112,269	3,592,269
2022	1,565,000	2,029,444	3,594,444
2023	1,655,000	2,029,444	3,684,444
2024-2028	9,685,000	8,304,169	17,989,169
2029-2033	12,385,000	5,602,109	17,987,109
2034-2038	9,810,000	3,165,469	12,975,469
2029-2043	7,365,000	1,397,200	8,762,200
2044-2045	<u>2,565,000</u>	<u>87,469</u>	<u>2,652,469</u>
Debt Service Requirement	<u>\$ 49,240,000</u>	<u>\$ 29,182,986</u>	<u>78,422,986</u>

Interest incurred on revenue bonds was \$2,331,719 and \$2,388,344 for the years ended June 30, 2018 and 2017, respectively.

**C. Notes Payable**

In fiscal years 1998 and 2001, the City obtained project loans from the State of Connecticut for various sewer projects of \$864,280 and \$3,574,208, respectively, of which \$-0- and \$421,087 was outstanding as of June 30, 2018 and \$-0- and \$625,403 was outstanding as of June 30, 2017. The repayment on these three loans is not restricted to the funds of the SWPCA. Currently, the SWPCA is repaying these notes on behalf of the City.

The SWPCA completed a \$105 million upgrade of the waste water treatment facility in 2006. To fund the upgrade project, the City obtained a Project Loan Obligation from the State of Connecticut for \$73,561,481. This loan is a special limited obligation loan of the City that is to be repaid solely from revenues, funds, accounts, moneys and securities of the SWPCA. The project was also funded through grants and a local share. As of June 30, 2018 and 2017, the outstanding balance on the loan was \$29,515,623 and \$33,308,188, 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. The combined loan balances were \$29,936,710 and \$33,933,591 as of June 30, 2018 and 2017, respectively.

Interest expense incurred on these notes payables was \$642,166 and \$721,412 for the years ended June 30, 2018 and 2017, respectively.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
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Aggregate debt service requirements subsequent to June 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,077,555	\$ 561,491	\$ 4,639,046
2020	4,159,858	479,189	4,639,047
2021	4,026,883	397,206	4,424,089
2022	4,108,163	315,926	4,424,089
2023	4,191,084	233,005	4,424,089
2024-2026	<u>9,373,167</u>	<u>212,360</u>	<u>9,585,527</u>
Debt Service Requirement	\$ <u>29,936,710</u>	\$ <u>2,199,177</u>	\$ <u>32,135,887</u>

**7. REVENUE**

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

	<u>2018</u>	<u>2017</u>
Sewer use fees	\$ 20,998,785	\$ 20,755,100
Contract revenue - Town of Darien, CT	1,593,763	1,450,081
Contract revenue - Aquarion	389,341	283,027
Interest	447,639	420,486
Lien fees	<u>126,635</u>	<u>135,984</u>
	\$ <u>23,556,163</u>	\$ <u>23,044,678</u>

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

	<u>2018</u>	<u>2017</u>
Connection charges	\$ 2,126,515	\$ 1,740,627
Capital reimbursement - Town of Darien, CT	885,958	833,829
Interest	378,927	1,344,357
Delinquent interest and lien fees	<u>6,845</u>	<u>94,905</u>
	\$ <u>3,398,245</u>	\$ <u>4,013,718</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.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, 2018 and 2017, the SWPCA paid the City approximately \$322,000 and \$361,000, respectively, to the City's internal service insurance fund.

**10. EMPLOYEE RETIREMENT PLAN**

**A. Plan Description and Benefits Provided**

Nearly all full-time City employees are covered by a pension plan. The employees of the SWPCA are covered under the City's Classified Employees' Retirement Fund (CERF). 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, 2018 and 2017, the SWPCA's contribution to the retirement fund was \$358,000 and \$317,000, representing approximately 6% 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, 2018. At June 30, 2018 and 2017, the CERF had \$223.1 million and \$210.4 million in net position, respectively.

GASB Statement No. 68 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.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**B. Net Pension Liability of the SWPCA**

The components of the SWPCA's net pension liability at June 30, 2018 and 2017 were as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total pension liability	\$ 15,181,198	\$ 13,754,982
Plan fiduciary net position	<u>12,153,099</u>	<u>11,215,597</u>
Net Pension Liability	\$ <u>3,028,099</u>	\$ <u>2,539,385</u>
Plan fiduciary net position as a percentage of the total pension liability	80.05%	81.54%

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

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

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**2017**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 13,364,528	\$ 9,932,984	\$ 3,431,544
Changes for the year:			
Service cost	317,378		317,378
Interest on total pension liability	1,020,081		1,020,081
Change in benefit terms	(215,835)		(215,835)
Differences between expected and actual experience	(233,718)		(233,718)
Effect of assumptions changes or inputs	121,491		121,491
Employer contributions		317,000	(317,000)
Member contributions		127,074	(127,074)
Net investment income		1,462,803	(1,462,803)
Benefit payments, including refund to employee contributions	(618,943)	(618,943)	-
Administrative expenses		(5,321)	5,321
Net changes	<u>390,454</u>	<u>1,282,613</u>	<u>(892,159)</u>
Balances as of June 30, 2017	\$ <u>13,754,982</u>	\$ <u>11,215,597</u>	\$ <u>2,539,385</u>

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

At June 30, 2018 and 2017, the SWPCA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**June 30, 2018**

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

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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<b>June 30, 2017</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$ 435,488
Changes of assumptions	201,527	
Net difference between projected and actual earning on pension plan investments	458,788	
Total	<u>\$ 660,315</u>	<u>\$ 435,488</u>

Subsequent to June 30, 2018, amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Recognition Year**

2019	\$ 321,171
2020	261,878
2021	(70,141)
2022	(54,157)

**11. TRANSACTIONS WITH THE CITY**

In the fiscal years 2018 and 2017, the City paid approximately \$263,000 and \$221,000, respectively, in sewer use charges to the SWPCA. The City reimbursed the SWPCA approximately \$435,000 and \$409,000 for the City’s share of the hurricane barrier maintenance and operations for the years ended June 30, 2018 and 2017, respectively.

For the fiscal years 2018 and 2017, the SWPCA paid the City approximately \$455,000 and \$398,000, for an allocation of central services costs, respectively, and approximately \$932,000 and \$764,000 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 \$93,000 and \$29,000 on balances due from the City during the years ended June 30, 2018 and 2017, respectively.



**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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**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, 2018 and 2017, the SWPCA's contribution to the OPEB fund was \$488,000 and \$398,270, representing approximately 2% of total contributions to the OPEB fund for each year.

The City's basic financial statements contain OPEB activity and funding information as of June 30, 2018. At June 30, 2018 and 2017, the OPEB fund had \$116.3 million and \$92.2 million in net position, respectively.

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

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

The Town's net OPEB liability was measured as of June 30, 2018 and 2017. The components of the net OPEB liability of the Town at June 30, 2018 and 2017 were as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability	\$ 5,537,461	\$ 5,187,056
Plan fiduciary net position	<u>1,747,964</u>	<u>1,259,080</u>
Net OPEB Liability	<u>\$ 3,789,497</u>	<u>\$ 3,927,976</u>
Plan fiduciary net position as a percentage of the total OPEB liability	31.57%	24.27%

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	<b>2018</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of June 30, 2017	\$ 5,187,056	\$ 1,259,080	\$ 3,927,976
Changes for the year:			
Service cost	164,658		164,658
Interest on total OPEB liability	393,737		393,737
Effect of economic/demographic gains or losses	(348,342)		(348,342)
Effect of assumptions changes or inputs	347,869		347,869
Employer contributions		488,000	(488,000)
Net investment income		208,673	(208,673)
Benefit payments, including refund to employee contributions	(207,517)	(207,517)	-
Administrative expenses		(272)	272
Net changes	<u>350,405</u>	<u>488,884</u>	<u>(138,479)</u>
Balances as of June 30, 2018	<u>\$ 5,537,461</u>	<u>\$ 1,747,964</u>	<u>\$ 3,789,497</u>
	<b>2017</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
	Balances as of June 30, 2016	\$ 4,918,690	\$ 883,096
Changes for the year:			
Service cost	111,853		111,853
Interest on total OPEB liability	378,131		378,131
Differences between expected and actual experience	(31,114)		(31,114)
Employer contributions		398,270	(398,270)
Member contributions		5,492	(5,492)
Net investment income		162,766	(162,766)
Benefit payments, including refund to employee contributions	(190,504)	(190,504)	-
Administrative expenses		(189)	189
Other changes		149	(149)
Net changes	<u>268,366</u>	<u>375,984</u>	<u>(107,618)</u>
Balances as of June 30, 2017	<u>\$ 5,187,056</u>	<u>\$ 1,259,080</u>	<u>\$ 3,927,976</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

No deferred outflows of resources and deferred inflows of resources related to OPEB for June 30, 2017 were recorded.

Subsequent to June 30, 2018, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:


**Year Ending June 30,**

2019	\$	(20,883)
2020		(20,883)
2021		(20,883)
2022		(20,865)

**13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded to the beginning of year net position of the SWPCA as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Net position at June 30, 2016, as previously reported	\$	74,703,396
Adjustment:		
Eliminate net OPEB obligation as reported per GASB No. 45		905,000
Record starting total OPEB liability per GASB No. 75		(4,035,594)
Net Position at July 1, 2016, as Restated	\$	71,572,802




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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Sewer use charges	\$ 20,775,930	\$ 20,775,930	\$ 21,573,059	\$ 797,129
Contract revenue - Town of Darien, CT	1,621,981	1,621,981	1,593,763	(28,218)
Contract revenue - Aquarion Water Company	400,000	400,000	389,341	(10,659)
Fees and other income	648,965	648,965	629,785	(19,180)
Nitrogen trading credit	500,000	500,000	628,488	128,488
Total operating revenues	<u>23,946,876</u>	<u>23,946,876</u>	<u>24,814,436</u>	<u>867,560</u>
Nonoperating revenues:				
Special assessments, connection charges, and other	2,539,636	2,539,636	3,398,245	858,609
Interest income and change in investment value	37,500	37,500	193,801	156,301
Total nonoperating revenues	<u>2,577,136</u>	<u>2,577,136</u>	<u>3,592,046</u>	<u>1,014,910</u>
Capital contributions - grants			191,031	191,031
Total	<u>\$ 26,524,012</u>	<u>\$ 26,524,012</u>	28,597,513	<u>\$ 2,073,501</u>
Budgetary revenues are different than GAAP revenues because:				
Interest subsidy			<u>(106,256)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenses and Changes in Net Position			<u>\$ 28,491,257</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, 2018**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Operating expenses:				
Administration	\$ 5,339,979	\$ 5,214,637	\$ 4,275,472	\$ 939,165
Process control	3,286,954	3,195,452	3,073,550	121,902
Laboratory	465,479	423,588	416,841	6,747
Sludge processing	2,638,879	2,769,879	2,710,107	59,772
Regulatory compliance	109,885	104,959	86,158	18,801
Building maintenance	300,500	305,500	260,135	45,365
Equipment maintenance	1,133,390	1,244,506	1,088,835	155,671
Pump station maintenance	847,019	847,019	613,753	233,266
Sanitary sewer maintenance	506,760	523,305	426,377	96,928
Barrier maintenance	260,000	260,000	100,990	159,010
Billing services	462,300	462,300	453,104	9,196
Total operating expenses	<u>15,351,145</u>	<u>15,351,145</u>	<u>13,505,322</u>	<u>1,845,823</u>
Nonoperating expenses:				
Debt service	10,022,867	10,022,867	9,875,048	147,819
Capital reserve funding	<u>1,150,000</u>	<u>1,150,000</u>		<u>1,150,000</u>
Total nonoperating expenses	<u>11,172,867</u>	<u>11,172,867</u>	<u>9,875,048</u>	<u>1,297,819</u>
Total	<u>\$ 26,524,012</u>	<u>\$ 26,524,012</u>	23,380,370	<u>\$ 3,143,642</u>
Budgetary expenses are different than GAAP expenses because:				
Change in net pension liability			488,714	
Change in net OPEB liability			(138,479)	
Change in deferred outflows of resources			(242,299)	
Change in deferred inflows of resources			91,889	
Refunding transactions not budgeted			114,872	
Depreciation			5,971,043	
Interest subsidy			(106,256)	
Principal payments on debt			<u>(6,556,740)</u>	
Total Expenses and Other Financing Uses as Reported on the Statement of Revenues, Expenses and Changes in Net Position			<u>\$ 23,003,114</u>	



# 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>2018</u>	<u>2017</u>	<u>2016</u> (Restated)	<u>2015</u>	<u>2014</u>	<u>2013</u> (Restated)	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues:										
Total operating revenues	\$ 24,708	\$ 24,135	\$ 24,469	\$ 23,769	\$22,355	\$ 21,155	\$20,305	\$18,504	\$18,252	\$18,645
Operating Expenses:										
Operations and supplies	6,704	6,454	7,152	7,153	7,228	8,131	6,120	6,800	6,946	6,376
Salaries, benefits and claims	6,553	6,019	6,356	5,950	4,541	5,196	5,468	4,773	4,346	4,068
Depreciation	5,971	5,714	5,583	5,507	5,373	5,239	5,055	5,087	6,288	7,106
Total Operating Expenses	19,228	18,187	19,091	18,610	17,141	18,566	16,642	16,660	17,580	17,550
Operating Income	5,480	5,948	5,378	5,159	5,213	2,589	3,663	1,844	672	1,095
Nonoperating Revenue (Expense):										
Special assessments and connection charges	3,398	4,014	2,821	3,911	2,516	2,987	2,703	3,182	2,763	1,738
Provision for doubtful accounts - Special assessments and connection charges						(500)		(100)		
Interest income and change in investment value	194	(30)	83	18	34	95	98	113	104	182
Gain on sale of assets		8	42							
Interest expense	(3,320)	(3,322)	(3,045)	(3,227)	(3,149)	(2,940)	(3,133)	(3,182)	(3,764)	(4,181)
Transfers in					288			1,067		
Net Nonoperating Revenue (Expense)	272	670	(99)	702	(311)	(358)	(332)	1,081	(896)	(2,260)
Capital Grants, Transfers Out and Special Items:										
Capital grants	191	66	390							
Transfers out	(455)	(398)	(324)	(349)						(1,567)
Special item - impairment of assets									(2,226)	
Total	(264)	(332)	66	(349)	-	-	-	-	(2,226)	(1,567)
Change In Net Business	5,488	6,286	5,344	5,513	4,902	2,231	3,330	2,925	(2,450)	(2,732)
Net position - beginning of year	77,858	71,572	69,359	63,846	58,943	59,493	56,163	53,238	55,688	58,420
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>\$ 83,346</u>	<u>\$ 77,858</u>	<u>\$ 71,572</u>	<u>\$ 69,359</u>	<u>\$63,846</u>	<u>\$58,943</u>	<u>\$59,493</u>	<u>\$56,163</u>	<u>\$53,238</u>	<u>\$55,688</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
		(Restated)	(Restated)		(Restated)	(Restated)				
Net Position:										
Net investment in capital assets	\$ 45,196	\$50,217	\$49,195	\$50,755	\$48,395	\$50,460	\$46,503	\$45,613	\$44,538	\$47,027
Restricted for debt service and capital improvements	11,247	11,170	10,906	9,597	9,532	7,965	7,742	7,811	7,677	7,540
Unrestricted	26,903	16,471	14,602	9,007	5,919	3,299	5,248	2,739	1,023	1,121
Restatement for net pension loss per GASB 68			(3,131)			(2,780)				
Total Net Position	<u>\$ 83,346</u>	<u>\$77,858</u>	<u>\$71,572</u>	<u>\$69,359</u>	<u>\$63,846</u>	<u>\$58,943</u>	<u>\$59,493</u>	<u>\$56,163</u>	<u>\$53,238</u>	<u>\$55,688</u>

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

<b>For the Year Ended June 30,</b>	<b>Customers</b>	<b>Consumption (CCF)</b>	<b>Annual Consumption Change</b>	<b>Rate per CCF</b>	<b>Annual Rate Change</b>	<b>Average Residential Bill</b>
2018	19,648	4,169,897	(3.60)%	\$4.88	3.39%	\$497.76
2017	19,598	4,325,661	2.06%	\$4.72	1.72%	\$481.44
2016	19,619	4,238,192	(3.08)%	\$4.64	1.98%	\$473.28
2015	19,470	4,372,971	2.27%	\$4.55	3.41%	\$464.10
2014	19,447	4,276,100	0.14%	\$4.40	8.64%	\$448.80
2013	19,378	4,270,274	(1.00)%	\$4.05	4.92%	\$429.42
2012	19,381	4,313,364	0.83%	\$3.86	8.43%	\$393.72
2011	19,360	4,277,668	(6.50)%	\$3.56	2.89%	\$391.60
2010	19,066	4,575,000	0.48%	\$3.46	2.37%	\$380.60
2009	19,084	4,553,000	5.00%	\$3.38	11.55%	\$371.80

**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)**

2018			2017		
Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption	Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption
1 Stamford Hospital	61,470	1.47%	1 City of Stamford	46,966	1.09%
2 City of Stamford	52,760	1.27%	2 Rippowan Park Associates LP	45,652	1.06%
3 Stamford Town Center	40,668	0.98%	3 Stamford Town Center	44,090	1.02%
4 Rippowan Park Associates LP	39,368	0.94%	4 Stamford Hospital	38,044	0.88%
5 Stamford Housing Authority	33,912	0.81%	5 Stamford Housing Authority	36,136	0.84%
6 Cornerstone Apartments	28,722	0.69%	6 Cornerstone Apartments	33,520	0.77%
7 Hilton Stamford Hotel	27,504	0.66%	7 Hilton Stamford Hotel	27,876	0.64%
8 Hoyt Bedford Apartments	25,106	0.60%	8 Hoyt Bedford Apartments	25,942	0.60%
9 SLC Operating LP	24,316	0.58%	9 Saint Johns Towers	24,396	0.56%
10 Stamford Marriott Hotel	21,920	0.53%	10 Stamford Marriott Hotel	21,066	0.49%
Total	355,746	8.53%	Total	343,688	7.95%
Total Consumption Billed in CCF	4,169,897		Total Consumption Billed in CCF	4,325,661	

**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)**

<b>For the Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Notes Payable</b>	<b>Total Debt</b>	<b>Customers</b>	<b>Debt Per Customer</b>
2018	\$ 14,458	\$ 49,240	\$ 29,937	\$ 93,635	19,648	\$ 4,766
2017	10,441	50,505	33,934	94,880	19,598	4,841
2016	11,753	55,981	37,877	105,612	19,619	5,383
2015	12,970	40,620	41,760	95,350	19,470	4,897
2014	14,919	41,337	45,625	101,881	19,447	5,239
2013	16,762	27,614	49,494	93,870	19,378	4,844
2012	18,496	28,345	53,291	100,132	19,381	4,829
2011	20,190	29,051	57,016	106,257	19,360	5,488
2010	21,641	29,733	60,671	112,045	19,066	5,877
2009	13,241	30,608	64,257	108,106	19,084	5,665

## 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			Coverage
				Debt Service			
				Principal	Interest	Total	
2018	\$ 28,106	\$ 12,473	\$ 15,634	\$ 5,408	\$ 2,826	\$ 8,234	1.90
2017	28,149	12,580	15,569	5,262	2,974	8,236	1.89
2016	27,289	13,508	13,782	5,153	3,110	8,263	1.67
2015	27,680	13,103	14,578	4,829	2,690	7,519	1.94
2014	24,870	11,769	13,102	4,499	2,803	7,302	1.79
2013	24,142	16,187	7,956	4,415	2,301	6,716	1.18
2012	23,008	11,645	11,363	4,512	2,305	6,817	1.67
2011	21,686	11,573	10,113	4,415	2,406	6,821	1.48
2010	21,016	11,292	9,724	4,320	2,506	6,826	1.42
2009	20,383	10,444	9,939	4,164	2,673	6,837	1.45

Source: City and SWPCA records

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
FTE's	<u>43</u>	<u>44</u>	<u>44</u>	<u>40</u>	<u>41</u>	<u>36</u>	<u>39</u>	<u>41</u>	<u>42</u>	<u>40</u>

Source: City records

TABLE 8

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

<b><u>Function/Program</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
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	22	22	22	22	22
Stormwater Stations (units)	4	4	4	4	4	4	4	4	4	4
Portable Generators (units)	4	4	4	4	4	3	3	3	4	4
Stand-by Generators	4	4	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewers (miles - per GIS data)	250	250	250	250	275	304	304	304	303	300
Treatment capacity (million gallons per day)	24	24	24	24	24	24	24	24	24	24

Source: SWPCA records