

# McGladrey & Pullen

Certified Public Accountants

## **STAMFORD WATER POLLUTION CONTROL AUTHORITY** An Enterprise Fund of the City of Stamford, Connecticut

**FINANCIAL REPORT**  
June 30, 2008

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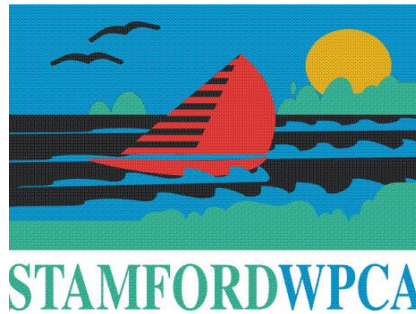
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## **Introductory Section**

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Ben Barnes, Chairman  
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December 1, 2008

To: Mayor Dannel P. Malloy  
Board of Finance  
Board of Representatives  
Citizens of Stamford, Connecticut

The audited financial statement of the Stamford Water Pollution Control Authority (WPCA) is being published for the fiscal year ending June 30, 2008 in compliance with Connecticut State law.

The WPCA management assumes full responsibility for the completeness and reliability of the information contained in the report based upon a comprehensive frame work of internal control that it has established for this purpose. 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.

McGladrey & Pullen, LLP, Certified Public Accountants have issued an unqualified opinion on the Stamford WPCA financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction 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 WPCA has instituted significant changes to financial policies in order to strengthen the organization and prepare for the challenges it faces because of Stamford's growth in residential and commercial properties. They also have regular consultations with regional and local growth planners and community development officials to predict and, if possible, limit infrastructure needs related to population and business growth. The WPCA is instituting written policies and procedures associated with billing, collection and customer service activities. Our collection policies ensure regular tracking of timely payment receipts and enforce adopted penalties against late payers. The WPCA also adheres to the City of Stamford's

**Stamford WPCA, One Harbor View Ave., Stamford, CT 06902**

adopted Accounting Policies and Procedures which relate to accounts payable, treasury operations, payroll and capital assets. Also, specific financial management policies are being drafted for the WPCA that will include a Debt Policy, Revenue Policy, Reserves Policy and Capital Planning Policy. The adoption of these policies ensures the long term maintenance of financial management and planning practices and protects the financial stability of the WPCA.

These changes along with other changes in the next fiscal year will ensure that the WPCA can meet all requirements set by State and Federal regulations and meet the future needs of the City of Stamford.

### **The Stamford Water Pollution Control Authority**

Ordinance No. 803 established the Stamford Water Pollution Control Authority (SWPCA) on November 28, 1996. Prior to that date, wastewater collection and treatment was performed as a function under the Office of Operations. The SWPCA was established pursuant to Chapter 103, Sections 7-245 through 7-273 A inclusive of the Connecticut General Statutes Revision of 1958 as amended. The purpose for which the Authority was created is to operate the Water Pollution Control Facility ("treatment plant"), sanitary sewer system, sanitary pumping stations and Hurricane Barrier pumping stations 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 sewage. Wastewater is treated through the processes installed during the upgrade and expansion project which was completed in December 2005. The plant has a capacity of 24 million gallon per day (MGD). Currently the average annual flow is about 18 MGD. There is excess capacity for the growth that is currently occurring in Stamford.

In addition, the SWPCA is also responsible for the City-wide stormwater program. This program consists of monitoring, reporting, and other compliance requirements of the SW4 (NPDES Phase 1 Stormwater Permit). A separate cost center has been established for this program in the SWPCA budget. Additionally the SWPCA is managing water quality restoration projects for the Rippowam and Noroton Rives.

### **Service Area**

The service area includes residential, commercial, government and non-profit customers in Stamford and Darien. The Town of 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 Interlocal Agreement between SWPCA and the Town of Darien provides a formula for compensation to the SWPCA for operation and maintenance and for capital improvements. This formula is based on the ratio of Darien's flow to the total flow entering the treatment plant and is currently 14 %. The Town of Darien is solely responsible for the operation and maintenance of all of their pumping stations and collection system and all border crossings. All capital improvements to the treatment plant, pumping stations or sewers that treat or convey wastewater from Darien are paid using that same 14 % ratio. The Town bills the ratepayers in Darien annually, typically in October. The SWPCA bills the town of Darien in September of every year. The bill is based on all operating and maintenance costs and on the capital cost and any adjustments to the previous bill. The Town of Darien is allowed to pay the bill in 12 monthly installments.

The service area boundaries for Stamford are the Merritt Parkway to the north, the Noroton River on the east and Old Greenwich on the west bound. The service area boundaries for the Town of Darien are the City of Norwalk on the east and the Merritt Parkway on the north.

The communities of Stamford and Darien have broad economies and diverse customer bases. Stamford and Darien have a critical mass of firms in several important industry clusters including banking, insurance and reinsurance, office equipment, cosmetics and information technology.

### **Physical Assets**

The physical assets of the SWPCA include 22 wastewater-pumping stations, about 320 miles of sanitary sewer, three storm water pumping stations and the wastewater treatment plant. The wastewater pumping stations range in size from 100,000 gallons per day to 5 million gallons per day. There is a capital improvement program in place for both the sanitary sewer system and pumping stations. The management of the WPCA has extensive industry experience and actively participates in organizations to keep pace with sector issues, regulatory mandates and technological advances. The WPCA employs professional engineers to prepare objective reviews of system performance and needs on a regular basis and provide periodic revisions of construction cost estimates. The prioritized capital improvement program covers five years and considers growth, capacity, regulatory, and replacement and renewal needs.

### **Management and Organization**

The SWPCA Board of Directors is made up of ten members, nine of which are voting members. By ordinance, the Board includes the Director of Operations, Director of Administration, Director of Legal Affairs, President of the Board of Representatives or designee, Chairman of the Board of Finance or Designee, and five at-large members; one of which must be a financial professional and the other an engineer. The members of the Board are:

Ben Barnes	Chair Director of Operations
Sandra Dennies	Vice-chair Director of Administration
Thomas Cassone	Director of Legal Affairs
John Bocuzzi	Board of Representatives
Mary Lou Rinaldi	Board of Finance
Christopher Maggio	(Engineer)
Alan Barnet	(Financial)
Donald Huppert	
Louis Casale	
Tim Curtin	

The Mayor with approval of the Board of Representatives appoints the Directors of Operations, Administration and Legal Affairs. The Board of Finance and the Board of Representatives SWPCA Board members are elected in citywide elections. The five at-large members are recommended by either the Democratic or Republican City Committee, interviewed by the Mayor who then recommends their appointment to the Board of Representatives for their approval. Each of the at-large members is appointed for three-year terms. There are no term limits so they can serve multiple terms

### **Rates and Charges**

The SWPCA, through its Board of Directors (the "Board"), is responsible for setting and imposing sewer user rates and charges for the all customers in the service area. The Board requires that rates be maintained at levels sufficient to pay operating and maintenance expenses of the collection and treatment system, to pay debt service on bonds and provide for reserves. It has been a practice of the Board to maximize expenditure stability by anticipating future regulatory and growth demands, reliably implementing

rate increases to cover operational and capital costs, and ensuring liquidity sufficient to cope with unexpected sales shortfalls or emergency needs.

### **The Capital Improvement Program**

The SWPCA completed a major upgrade and expansion of the wastewater treatment facility in 2006. In addition, the SWPCA complete the construction of a solids drying and pelletizing facility in January 2008. This is phase one of a waste to energy project which will use the pelletized solids to generate electricity. The waste to energy project has to date received close to \$500,000 in EPA grants and \$3.0 M in Department of Energy grants.

### **Awards and Recognition**

During this fiscal year, the WPCA received the EPA Region 1 Merit Award for outstanding performance and management. Jeanette Brown received the American Academy of Environmental Engineers Cleary Award which is given to an individual who is an outstanding performer in the management of environmental protection enterprises conducted under either public or private auspices who have demonstrated exemplary professional conduct, personal leadership, originality in devising new environmental protection techniques and sensitivity and responsiveness to social, economic, and political factors in environmental protection.

The SWPCA is the largest seller of Nitrogen Credits in the State of Connecticut and is recognized as being a leader in nitrogen removal nationally. The WPCA is also recognized for its leadership role in the conversion of biosolids to energy through the gasification project. Secretary of Energy Bodman met with Mayor Malloy and Jeanette Brown confirming the commitment of the DOE to this innovative renewable energy project.

Respectfully Submitted,



Jeanette A. Brown, PE, DEE,  
Executive Director

**Financial Section**

# McGladrey & Pullen

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To 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 (SWPCA), an enterprise fund of the City of Stamford, Connecticut, as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the SWPCA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Stamford WPCA fund and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut as of June 30, 2008, and the changes in its financial position and its cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stamford Water Pollution Control Authority as of June 30, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 1, 2008

# Stamford Water Pollution Control Authority Management's Discussion and Analysis June 30, 2008

Our discussion and analysis of the Stamford Water Pollution Control Authority (WPCA) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the letter of transmittal and the financial statements that follow this section. Please note that this is the first year in which a Management Discussion and Analysis, transmittal letter, budgetary comparisons and a statistical section are being included as part of the WPCA's stand alone financial statements.

## Financial Highlights

- ◆ The WPCA's net assets increased by \$5.7 million or 10.9% from last fiscal year. The assets of the Stamford Water Pollution Control Authority exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$58.4 million. Net assets increased primarily due to a contribution of storm sewer assets from the City of Stamford to the WPCA (\$5.6 million). If we exclude the capital asset contribution, then net assets stayed about the same from FY 2007 to FY 2008.
- ◆ The WPCA experienced operating income of \$511,487 for FY 2008 as compared with FY 2007 operating income of \$1.8 million, a reduction of 72.5%. More than \$1 million in added utility costs contributed to the change from last fiscal year. However, a utility contingency account ensured sufficient liquidity to cope with the shortfall and was used to ensure balanced operations for the year. Operating revenues were \$15.9 million while offsetting operating expenses were \$15.5 million.
- ◆ The WPCA's bonds and notes payable balances decreased by \$6.5 million to \$114 million, or a 5.4% decrease during the current fiscal year, primarily due to principal repayments and savings related to a City refunding of general obligation bonds and WPCA's associated projects. The WPCA did not issue any new revenue bonds this year to finance its capital projects.
- ◆ The WPCA's capital assets increased by about \$4.3 million. The facility put into service a sludge processing operation that was under construction since 2006.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Stamford Water Pollution Control Authority's financial statements which are comprised of: 1) basic financial statements including a Statement of Net Assets; a Statement of Revenues, Expenses and Changes in Net Assets and a Statement of Cash Flows, 2) notes to the financial statements and 3) a Schedule of Revenues and Expenditures on a Budgetary Basis. The statistical section provides trend comparisons of selected financial and non-financial information over a number of years.

## WPCA Financial Statements

The WPCA financial statements are designed to provide readers with an overview of the WPCA's finances in a manner similar to private-sector business. All of the resources the WPCA has at its disposal are reported, including major capital assets such as buildings, equipment and infrastructure. A thorough accounting of the cost of WPCA operations is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the WPCA's overall financial status.

**Statement of Net Assets.** The Statement of Net Assets presents information on all of the WPCA's assets and liabilities, with the difference reported as net assets. One of the most important questions asked about the WPCA's finances is: "As a result of this year's activities, is the WPCA better or worse than the previous year?" One can think of the WPCA's net assets – the difference between assets and liabilities – as one way to measure the WPCA's financial health or financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the WPCA is improving or deteriorating. However, other non-financial factors will need to be considered as well, including changes in the WPCA customer base and the condition of the WPCA plant facilities, to assess the overall health of the WPCA.

**Statement of Revenues, Expenses and Changes in Net Assets.** The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the WPCA's net assets changed during the current fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period. Uncollected water usage charges and earned but unused vacation leave are examples of these types of items.

**Statement of Cash Flows.** The Statement of Cash Flows presents information on where cash comes from and how it is used. The Statement of Cash Flows is important because it helps to determine if the WPCA has met its cash needs during the year and how it met them. It is important to understand financial activity measured on the accrual basis (Statement of Revenues, Expenses and Changes in Net Assets) of accounting as well as on a cash basis of accounting.

The financial statements (Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets and the Statement of Cash Flows) can be found on pages 14-16 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 can be found on pages 17-26 of this report.

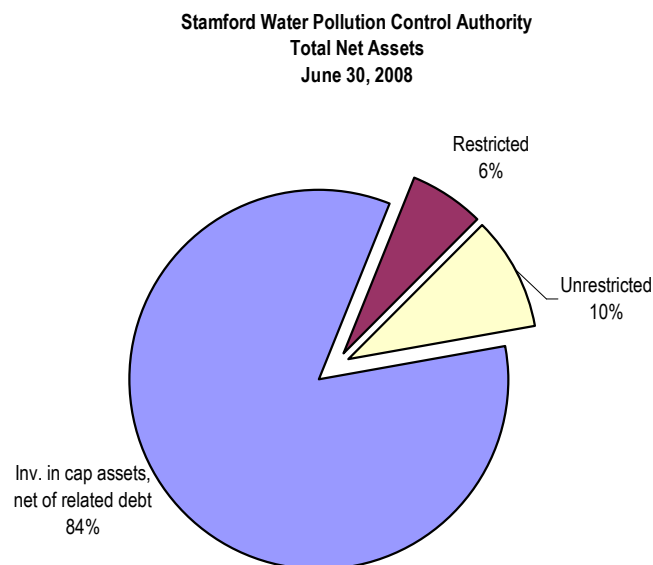
**Budgetary Information.** The City of Stamford adopts an annual expenditure and revenue budget for its WPCA fund. Budgetary comparison statements have been provided to demonstrate compliance with the authorized budget and can be found on pages 27-28.

## Financial Analysis

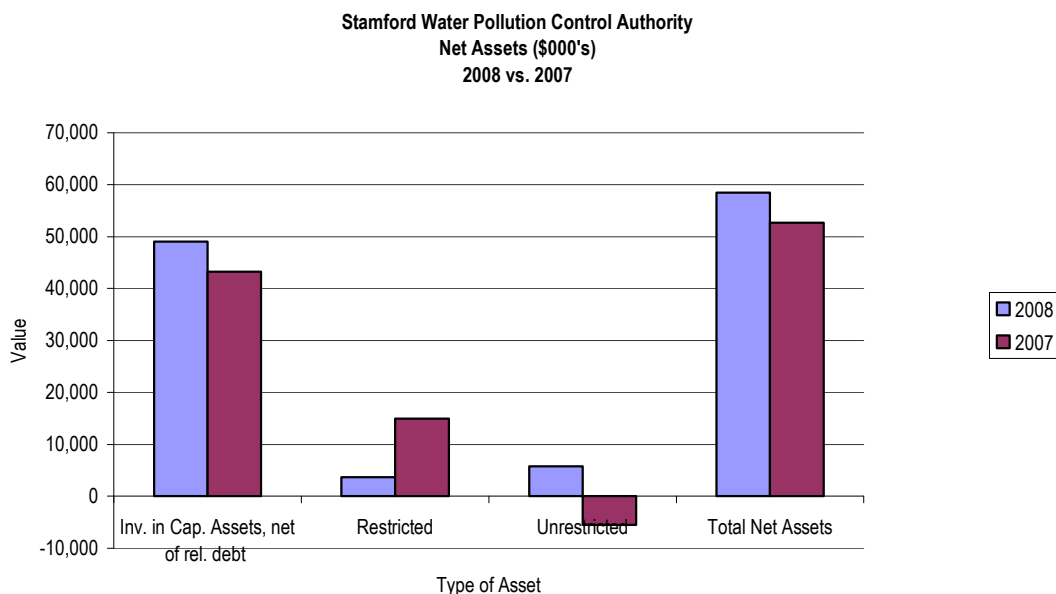
### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of financial position and an important determinant of its ability to finance services in the future. The WPCA's assets exceeded liabilities by \$58.4 million at June 30, 2008. This is an increase of \$5.7 million from the previous year. Most of this increase (\$5.6 million) is due to a capital asset contribution made by the City of Stamford. If we exclude this, then the net assets of the WPCA stayed steady between FY 2007 and FY 2008.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current (Cash & A/R)	\$ 7,744	\$ 6,856
Restricted Cash Assets	3,672	14,959
Noncurrent (special assessments)	4,523	3,830
Capital Assets (net of depreciation)	<u>161,964</u>	<u>157,655</u>
<b>Total assets</b>	<b><u>177,903</u></b>	<b><u>183,300</u></b>
Current liabilities	11,397	16,018
Long-term liabilities outstanding	<u>108,086</u>	<u>114,608</u>
<b>Total liabilities</b>	<b><u>119,483</u></b>	<b><u>130,626</u></b>
Net Assets:		
Inv. in cap assets, net of related debt	48,992	43,246
Restricted	3,672	14,959
Unrestricted	<u>5,756</u>	<u>(5,531)</u>
<b>Total Net Assets</b>	<b><u>\$ 58,420</u></b>	<b><u>\$ 52,674</u></b>



One measure of liquidity is the current ratio (current assets ÷ current liabilities) and it helps us determine if, over the next year, the WPCA will have enough cash or readily liquidated assets on hand to finance the bills that come due. The WPCA's current ratio is 0.68, meaning the WPCA doesn't have enough cash in the short term to fund its current liabilities. It is typical that until the next billing cycle and connection period (October 2008), the WPCA will "borrow" money from the City of Stamford to pay its bills. Under a long standing pooled cash arrangement, the WPCA pays the City interest to cover its short-term cash flow needs. Until the issuance of a new revenue bond, the City will advance the necessary funds to the WPCA to cover their operating and capital cash requirements.



**Net Assets – Invested in Capital Assets (Net of Related Debt).** By far the largest portion of the WPCA's net assets (84%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The WPCA uses these capital assets to provide services to citizens and customers; consequently, these assets cannot be readily liquidated and are not available for future spending. Although the WPCA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (user charges and fees), since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Assets – Restricted.** The other portion of the WPCA's net assets are those restricted for debt service and construction. These assets are in restricted trust accounts due to indenture requirements related to the 2003 and 2006 Revenue Bond issuances. Of the WPCA's total net assets at June 30, 2008, \$3.7 million or 6% is restricted and may not be used to meet the WPCA's ongoing obligations (with the exception of debt service under certain restricted circumstances).

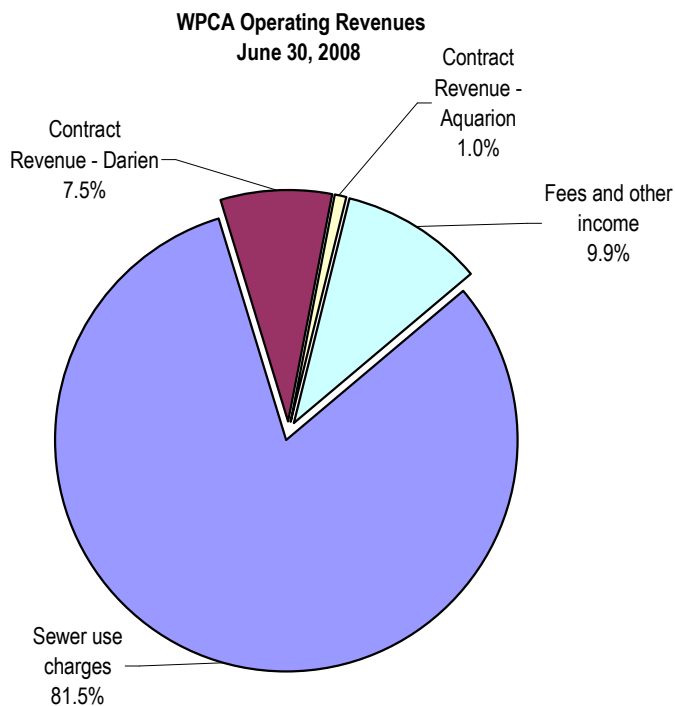
**Net Assets – Unrestricted.** Of the WPCA’s total net assets at June 30, 2008, \$5.8 million or 10% is unrestricted and may be used to meet the WPCA’s obligations to users and creditors.

Statement of Revenues  
Expenses and Other Changes  
in Net Assets

	June 30, 2008	June 30, 2007
Operating Revenues	\$ 15,996	\$ 15,455
Operating Expenses	15,485	13,595
<b>Net operating income</b>	<b>511</b>	<b>1,860</b>
Nonoperating Revenue (Expenses)	(3,629)	(4,094)
Capital Contributions	8,864	1,948
<b>Change in net assets</b>	<b>5,746</b>	<b>(286)</b>
Net Assets, beginning	52,674	52,960
Net Assets, ending	<u>\$ 58,420</u>	<u>\$ 52,674</u>

Budgetary Information

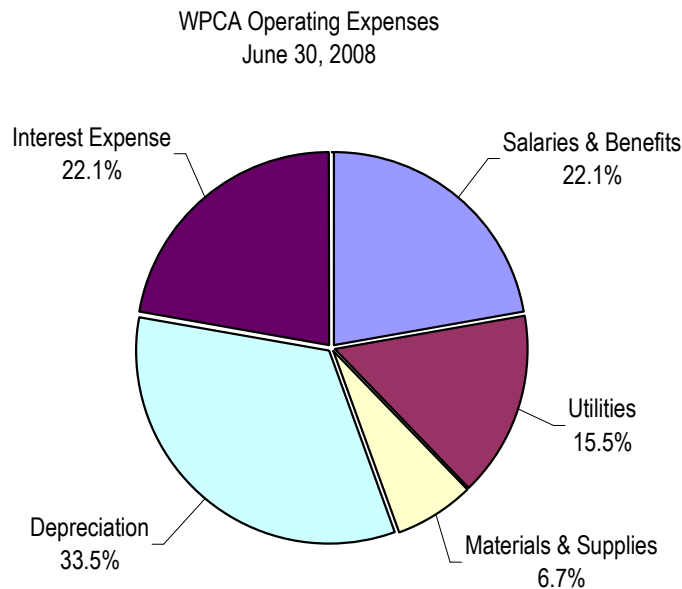
**Revenues:** The WPCA’s operating revenue sources consist of sewer usage charges for Stamford Customers (81.5%), contract revenue from Darien Interlocal Agreement (7.5%), contract revenue from Aquarian (1.1%) and fees and other operating income (9.9%).



For sewer usage charges, actual billed revenue was below the revenue estimate by \$1.0 million. The actual billed amount was based on actual consumption data of 4.7 CCF's. The SWPCA achieved a collection rate of 87.0% during the 2008 fiscal year. The revenue estimate (budget) was set prior to the actual consumption data being available and the budget was established using 5.02 CCF's as the basis. The revenue shortfall in sewer usage was mitigated by the better than expected results in the other operating and non operating revenue categories.

The WPCA's non-operating revenue sources consist of sewer assessments (60%), Darien Capital Reimbursement (21%) and interest income (19%).

**Expenses.** The WPCA's operating expenses consist of salaries and benefits (22.1%), utilities (15.5%), materials and supplies (6.7 %), depreciation (33.5%) and interest expense (22.1%).



### Reclassifications

Certain expenses in the 2007 financial statements have been reclassified to conform with the 2008 presentation. These reclassifications had no effect on the previously reported change in net assets.

The WPCA's operation consists of 11 distinct activity centers. They are:

**The Administration Division** is responsible for the overall management of the WPCA. Personnel working in this Division are responsible for all technical decisions, supervision, budgeting, planning, procuring outside services, project management, and other administrative duties. In addition, key personnel in this Division are responsible for overseeing the construction, water resources and stormwater project.

**The Process Control Activity** of the Process Division ensures that the WPCA facility is operated in accordance with technical directives issued from the Administration Division. The personnel working in this Activity implement process changes, run all process equipment, add and monitor process chemicals, and perform all other activities which enable the plant to run effectively and meet all state and federal requirements.

**The Laboratory Activity** of the Process Division ensures that all in-plant tests and those for other communities are performed accurately and in compliance with all EPA laboratory testing procedures and that data and bills are sent to the other communities in a timely manner. Personnel working in the Laboratory Activity are responsible for taking and analyzing samples from the treatment plant, industries, sanitary sewer system and watercourses. In addition, the Stamford Regional Laboratory does testing for twenty treatment plants throughout the State.

**The Sludge Processing Activity** of the Process Division is to ensure that sludge is processed as it is generated, that equipment malfunctions are reported immediately, that all chemicals are added in the prescribed manner and that all equipment is kept clean. Sludge processing is the key to ensuring that a treatment plant runs well and is therefore, one of the most important activities of the WPCA. The Sludge Processing Activity is to treat residuals associated with the wastewater treatment plant process making them acceptable for final disposal.

**The Stormwater Activity** of the Process Division ensures compliance with all requirements set by CT-DEP for stormwater discharge and management.

**The Building Maintenance activity** ensures that all buildings and grounds under the responsibility of the WPCA are kept to in good condition. Personnel ensure the proper upkeep of all building including painting, replacing broken windows, maintain heating system and landscaping.

**The Equipment Maintenance Activity** ensures that all equipment is maintained according to manufacturer's recommendations and requirements. By accomplishing this mission, the treatment plant will run without interruption. Personnel assigned to this activity implement and manage preventive maintenance programs. Additionally this includes rapid response to breakdowns that may affect treatment ability.

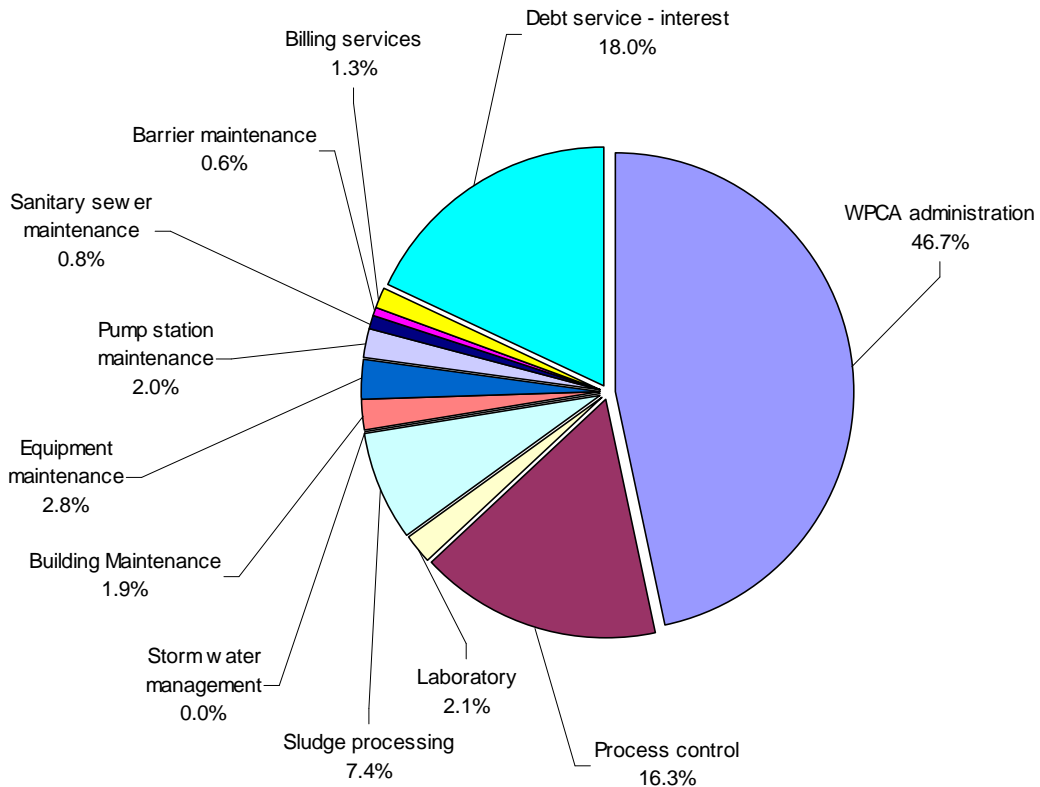
**The Pumping Station Maintenance Activity** ensures that the twenty one pumping stations run reliably. This is accomplished by performing regular maintenance in a timely manner and by following all manufacturers' recommendations. The activity also ensures that all equipment and process piping is maintained according to manufacturer's recommendations and requirements.

**The Sanitary Sewer Maintenance Activity** ensures that all preventive maintenance is performed in the time period required, to answer emergency calls promptly, to assess problems quickly to prevent environmental and property damage and to assist other departments and agencies with sewer related problems. The sanitary sewer activity cleans and maintains the sanitary sewer system to ensure no overflows or back-ups which can affect public health and the environment.

**The Hurricane Barrier Activity** ensures that all three of the Hurricane Barrier pumping stations are operated and maintained to ensure there is no flooding of low-lying areas during storm conditions and storm surges and maintains the flood walls and levee systems.

**The Billing Activity** ensures that rate payers are billed accurately for sewer use charges, assessments and connection charges and that funds are collected and liens placed as necessary.

**WPCA Operating Expenses (including depreciation)  
June 30, 2008**

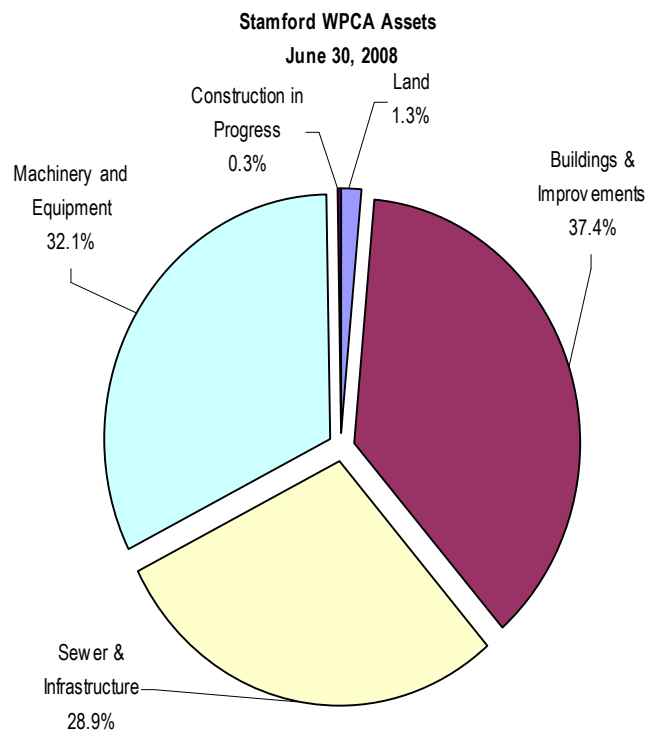


Additional information on revenue and expense budgetary information can be found on pages 27-28.

**Capital Assets.** At the end of the fiscal year, the WPCA had total capital assets (net of accumulated depreciation) of approximately \$162 million.

**Stamford Water Pollution Control Authority  
Capital Assets**

	<u>July 1, 2008</u>	<u>July 1, 2007</u>
Land	\$ 2,833	\$ 2,833
Buildings & Improvements	80,820	63,929
Sewer & Infrastructure	62,503	55,649
Machinery and Equipment	69,347	69,269
Construction in Progress	750	13,595
Less Accumulated Depreciation	<u>(54,289)</u>	<u>(47,621)</u>
Total	<u>\$ 161,964</u>	<u>\$ 157,654</u>



Major capital asset events during the current fiscal year included the following:

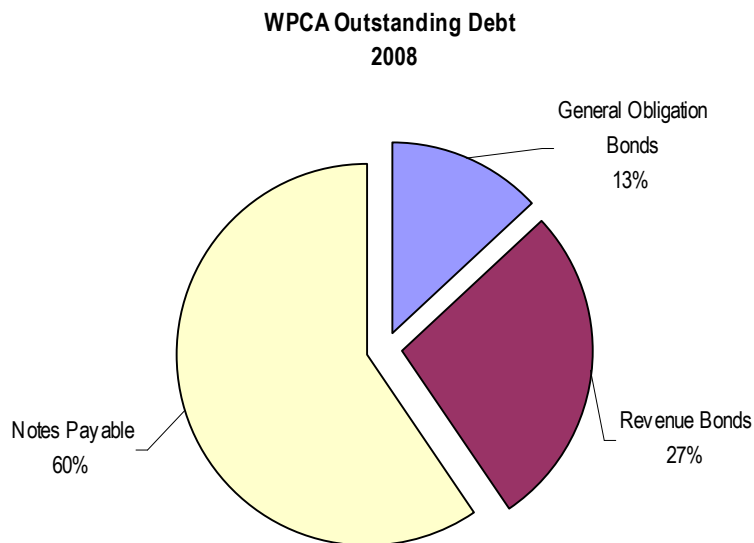
- ◆ Almost \$18 million for the Sludge Processing Facility was put into service this fiscal year is now being depreciated.

- ◆ Continued improvements and renovations to the WPCA plant and equipment associated with the new Sludge Processing Project (Waste to Energy) were just over \$5 million.
- ◆ On-going sewer projects including Sweet Briar Road, Section 18-1 Phase 2, Intervale Area, Carriage Drive and East Cross Road were just over \$500,000.

Additional information on capital assets can be found in Note 3 on page 20 of this report.

**Long-term debt.** At the end of the fiscal year, the Stamford Water Pollution Control Authority had total bonded debt outstanding of approximating \$114 million.

<b>Stamford WPCA Outstanding Debt</b>		
	<b>July 1, 2008</b>	<b>July 1, 2007</b>
General Obligation Bonds	\$ 14,919,540	\$ 17,375,976
Revenue Bonds	31,277,000	31,992,596
Notes Payable	67,775,446	71,171,847
<b>Totals</b>	<b><u>\$ 113,971,986</u></b>	<b><u>\$ 120,540,419</u></b>



The Stamford Water Pollution Control Authority's total long-term debt decreased by about \$6.5 million during the 2007-2008 fiscal year due to principal repayments. The WPCA did not issue new revenue bonds this year. Their new authorized projects have been funded by the City awaiting the issuance of new revenue bonds.

The Stamford Water Pollution Control Authority maintains an Aa3 rating from Moody's Investors Service and an AA+ from Standard and Poor's.

Additional information on long-term debt can be found in Note 4 of this report on page 20.

### **Economic Factors and Subsequent Events**

The service area economy and customer base characteristics are key factors to the financial health and strength of the WPCA.

Stamford's unemployment rate is 5.3%, compared with 6.4% for the State of Connecticut. The 2008 Median Household Income in the Stamford Metropolitan Area is \$117,800 while the 2008 Median Per Capita Income in Stamford is \$49,301.

Office vacancies are dropping and the value of commercial buildings is at historically high levels – the office space vacancy rate is 16% for Class A space. The Stamford industrial space vacancy rate is below 2%, or is essentially fully occupied.

Stamford has experienced considerable growth over the last decade. The WPCA has planned well for Stamford's growth. The new plant that came on-line in 2004 increased capacity and is expected to meet the need for services over the next several decades.

### **Requests for Information**

The financial report is designed to provide a general overview of the Stamford Water Pollution Control Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration at 888 Washington Boulevard, Stamford, CT 06901 or the Executive Director of the WPCA at One Harbor View Ave, Stamford, CT 06902.

**Financial Statements**

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**STATEMENT OF NET ASSETS**

**June 30, 2008**

**ASSETS**

Current Assets

Cash	\$ 3,664,534
Usage receivable, net of allowance for doubtful accounts \$700,000	3,823,309
Other assets	<u>256,382</u>
<b>Total current assets</b>	<u><u>7,744,225</u></u>

Noncurrent Assets

Capital assets:

Land	2,833,278
Sewer and infrastructure	62,502,643
Building and improvements	80,820,087
Equipment	69,347,209
Construction in progress	<u>750,321</u>
	216,253,538
Less accumulated depreciation	<u>54,289,177</u>
	<u>161,964,361</u>

Restricted assets - cash	3,672,144
Special assessments, net of allowance for doubtful accounts \$400,000	<u>4,522,912</u>

**Total noncurrent assets** 170,159,417

**Total assets** 177,903,642

**LIABILITIES**

Current Liabilities

Accounts payable	155,886
Accrued liabilities	1,292,692
Unearned revenues	48,664
Current maturities of general obligation bonds	1,747,179
Current maturities of revenue bonds payable	620,000
Current maturities on notes payable	3,518,750
Due to other funds	<u>4,014,318</u>
<b>Total current liabilities</b>	<u><u>11,397,489</u></u>

Noncurrent Liabilities

General obligation bonds (net of unamortized discount)	13,172,361
Revenue bonds payable	30,657,000
Notes payable	<u>64,256,696</u>
<b>Total noncurrent liabilities</b>	<u><u>108,086,057</u></u>

**Total liabilities** 119,483,546

**NET ASSETS**

Invested in capital assets, net of related debt	48,992,332
Restricted	3,672,144
Unrestricted	<u>5,755,620</u>
<b>Total net assets</b>	<u><u>\$ 58,420,096</u></u>

See Notes to Financial Statements.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**For the Year Ended June 30, 2008**

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**Operating Revenues**

Sewer use charges	\$ 13,041,263
Contracted revenues	1,364,677
Fees and other income	1,590,274
<b>Total operating income</b>	<u>15,996,214</u>

**Operating Expenses**

Salaries, benefits and claims	4,060,424
Utilities	3,084,598
Materials and supplies	319,554
Operations and supplies	1,351,662
Depreciation and amortization	6,668,489
<b>Total operating expenses</b>	<u>15,484,727</u>

**Net operating income** 511,487

**Nonoperating Revenue (Expense)**

Interest income	772,533
Interest expense	(4,401,176)
<b>Total nonoperating revenue (expenses)</b>	<u>(3,628,643)</u>

**Capital Contributions**

Interlocal - Darien	821,638
Capital contributions	5,643,094
Special assessments	2,398,837
	<u>8,863,569</u>

**Change in net assets** 5,746,413

Net assets, beginning 52,673,683

Net assets, ending \$ 58,420,096

See Notes to Financial Statements.

## STAMFORD WATER POLLUTION CONTROL AUTHORITY

### STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 15,421,776
Payments to suppliers	(6,808,018)
Payments to employees for salaries and benefits	(4,060,424)
Due to other funds	(2,570,537)
<b>Net cash provided by operating activities</b>	<u>1,982,797</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal payments on debt	(6,518,796)
Payments to refunding escrow	(1,763,894)
Interest paid on debt	(4,401,176)
Bond proceeds	1,714,256
Purchase of property and equipment	(5,335,198)
Subsidy from State and Federal government	821,638
Special assessment proceeds	1,705,962
<b>Net cash used in capital and related financing activities</b>	<u>(13,777,208)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	772,533
<b>Net cash provided by investing activities</b>	<u>772,533</u>
<b>Net decrease in cash and cash equivalents</b>	(11,021,878)
<b>Cash and Cash Equivalents</b>	
Beginning	<u>18,358,556</u>
Ending	<u>\$ 7,336,678</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided by Operating Activities:</b>	
Operating income	\$ 511,487
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,668,489
Changes in assets and liabilities:	
Increase in accounts receivable	(623,102)
Decrease in accrued expenses and accounts payable	(2,052,204)
Increase in deferred revenue	48,664
Due to other funds	(2,570,537)
<b>Net cash provided by operating activities</b>	<u>\$ 1,982,797</u>
<b>Supplemental Noncash Capital Activities</b>	
Capital contribution-Transfer of storm sewers from City.	<u>\$ 5,643,094</u>

See Notes to Financial Statements.

## STAMFORD WATER POLLUTION CONTROL AUTHORITY

### NOTES TO FINANCIAL STATEMENTS June 30, 2008

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#### **Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies**

##### Reporting entity

Article III, Ordinance Number 836, adopted October 6, 1997, created the Stamford Water Pollution Control Authority (SWPCA) to operate the Water Pollution Control Facility, sanitary sewage system, pumping stations and hurricane barrier pumping stations for the City of Stamford (the "City"). It is independent in terms of its relationship to other City functions and is reported as a business-type activity in the City's basic financial statements. Its operations are financed through direct charges to the user of the service. The financial statements present only the Stamford WPCA fund and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut as of June 30, 2008, and the changes in its financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Significant accounting policies are as follows:

##### 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.

##### 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash and cash equivalents

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

##### Accounts receivable

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

## STAMFORD WATER POLLUTION CONTROL AUTHORITY

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

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#### Capital assets

Property, plant and equipment is 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. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets as follows:

	<u>Years</u>
Land	-
Buildings and improvements	40-50
Equipment	5-20
Sewer infrastructure	50-100

The SWPCA capitalizes interest during the period of construction.

#### 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.

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.

#### Revenues

##### Operating Revenue

Operating revenues are based on the SWPCA authorized minimum charges applied to customer consumption of water. The SWPCA accrues amounts earned at the end of each accounting period.

The SWPCA has the authority to file liens on past due accounts. The liens are payable second to property taxes upon transfer of the respective properties.

##### Capital Contributions

Special assessments are fees assessed by the SWPCA for new sewer lines and for new connections to existing sewer lines in residences and commercial businesses. The assessments and the connection fees charged are payable over a 10-20 year period. Interest on the assessment fees is charged at an annual set rate by the SWPCA. State and federal capital grants are recognized when eligibility requirements are met.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

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Proprietary fund accounting

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

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the SWPCA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The SWPCA has cash restricted for debt service requirement per the revenue bonds.

**Note 2. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2008:

	<u>Carrying and Fair Values</u>
Cash	\$ 3,664,534
Restricted cash	<u>3,672,144</u>
	<u>\$ 7,336,678</u>

Responsibility for custodial credit risk of deposits rests with the City; accordingly, separate disclosure is not possible. The notes of the City's comprehensive annual financial report should be read to determine the City's custodial credit risk of deposits. The restricted cash balance at June 30, 2008 is restricted for Clean Water Fund debt service reserve fund.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

**Note 3. Capital Assets**

A summary of capital assets as of June 30, 2008 is as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,833,278	\$ -	\$ -	\$ 2,833,278
Construction in process	13,594,681	4,534,842	(17,379,202)	750,321
Total capital assets, not being depreciated	16,427,959	4,534,842	(17,379,202)	3,583,599
Capital assets being depreciated:				
Sewer and infrastructure	55,649,102	6,853,541	-	62,502,643
Building and improvements	63,929,065	16,891,022	-	80,820,087
Equipment	69,269,120	78,089	-	69,347,209
Total capital assets being depreciated	188,847,287	23,822,652	-	212,669,939
Less accumulated depreciation	47,620,688	6,668,489	-	54,289,177
Net capital assets	\$ 157,654,558	\$ 21,689,005	\$ (17,379,202)	\$ 161,964,361

**Note 4. Long-Term Obligations**

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 17,375,976	\$ 1,714,256	\$ 4,170,692	\$ 14,919,540	\$ 1,747,179
Revenue bonds, plus unamortized original issue premium	31,992,596	-	715,596	31,277,000	620,000
Notes payable	71,171,847	-	3,396,401	67,775,446	3,518,750
<b>Total bonds and notes payable</b>	120,540,419	1,714,256	8,282,689	113,971,986	5,885,929
Compensated absences	255,653	22,356	-	278,009	41,700
Self-insurance	43,172	341,342	320,239	64,275	9,600
<b>Total other long- term obligations</b>	298,825	363,698	320,239	342,284	51,300
<b>Total</b>	\$ 120,839,244	\$ 2,077,954	\$ 8,602,928	\$ 114,314,270	\$ 5,937,229

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

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General obligation bonds

The SWPCA does not have the authority to issue general obligation bonds. General obligation bonds issued on behalf of the SWPCA is considered general obligation debt of the City of Stamford. The SWPCA pays the principal and interest due on its allocable portion of the City's debt.

The SWPCA's allocable portion of general obligation bonds outstanding as of June 30, 2008 consisted of the following:

Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Balance June 30, 2008
January 1990	6.0 - 7.75	\$ 8,007,000	2001 - 2010	\$ 687,198
February 1998	4.1 - 5.25	10,295,000	2001 - 2018	830,580
June 1999	3.5-5.0	2,105,000	2001 - 2018	121,921
April 2001	4.0-5.0	3,640,000	2002 - 2020	341,643
April 2003	2.0-5.25	3,982,952	2003- 2015	1,756,101
November 2003	2.5 to 4.5	2,660,000	2004 - 2023	3,338,144
November 2003	2.0 to 5.25	2,027,600	2004 - 2018	1,251,913
September 2003	2.5 to 4.25	3,136,000	2005 - 2024	2,550,400
March 2005	3.0 to 5.0	2,247,600	2006 - 2021	2,224,000
June 2008	3.25 to 5.0	1,817,639	2009 - 2014	1,817,640
				<u>\$ 14,919,540</u>

Aggregate debt service requirements subsequent to June 30, 2008 are as follows:

	Principal	Interest	Total
2009	\$ 1,747,179	\$ 631,594	\$ 2,378,773
2010	1,713,275	575,763	2,289,038
2011	1,450,129	496,107	1,946,236
2012	1,288,234	438,825	1,727,059
2013	1,334,440	379,336	1,713,776
2014-2018	5,297,485	1,028,484	6,325,969
2019-2023	1,816,798	196,804	2,013,602
2024-2025	272,000	11,560	283,560
Total	<u>\$ 14,919,540</u>	<u>\$ 3,758,473</u>	<u>\$ 18,678,013</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

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Bonds payable

WPCA revenue bonds outstanding as of June 30, 2008 consisted of the following:

Stamford Water Pollution Control System and Facility Revenue Bonds - Series 2003. Issued in the aggregate amount of \$12,480,000 revenue bonds in October 2003 at interest rates ranging from 2.0% to 5.00%, due annually, on November 1. Interest is payable monthly, with principal maturity paid from July 2002 through July 2032. The aggregate new amount includes unamortized premium of \$237,000 at June 30, 2008. \$ 11,712,000

Stamford Water Pollution Control System and Facility Revenue Bonds - Series 2006. Issued in the aggregate amount of \$19,765,000 revenue bonds in September 2006 at interest rates ranging from 3.4% to 4.75%, due annually, on March 15 and September 15. Interest is payable monthly, with principal maturity paid from September 2007 through September 2036. The aggregate new amount includes unamortized premium of \$135,000. 19,565,000

Total revenue bonds payable 31,277,000

Less: current portion 620,000

Total revenue bonds payable - non-current \$ 30,657,000

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

Debt service requirements - revenue bonds

Aggregate debt service requirements subsequent to June 30, 2008 are as follows:

	Principal	Interest	Total
2009	\$ 620,000	\$ 1,371,775	\$ 1,991,775
2010	645,000	1,349,900	1,994,900
2011	665,000	1,325,575	1,990,575
2012	690,000	1,300,056	1,990,056
2013	715,000	1,273,825	1,988,825
2014-2018	4,040,000	5,919,030	9,959,030
2019-2023	4,985,000	4,970,818	9,955,818
2024-2028	6,240,000	3,722,394	9,962,394
2029-2033	7,920,000	2,041,169	9,961,169
2034-2058	4,385,000	428,806	4,813,806
Debt Service requirement	30,905,000	23,703,348	54,608,348
Plus bond premium	372,000	-	372,000
Net Debt Service requirement	<u>\$ 31,277,000</u>	<u>\$ 23,703,348</u>	<u>\$ 54,980,348</u>

Notes payable

The SWPCA has loans from the State of Connecticut for various sewer projects. The SWPCA has completed a \$105 million dollar upgrade of the waste water treatment facility. The project was also funded through grants and a local share. 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. As of June 30, 2008 the combined loans' balance is \$67,775,446.

	Principal	Interest	Total
Fiscal year ending June 30:			
2009	\$ 3,518,750	\$ 1,323,367	\$ 4,842,117
2010	3,586,146	1,252,376	4,838,522
2011	3,654,901	1,180,025	4,834,926
2012	3,725,044	1,106,287	4,831,331
2013	3,796,603	1,031,132	4,827,735
2014-2018	19,557,424	3,994,701	23,552,125
2019-2023	20,563,544	1,986,817	22,550,361
2024-2028	9,373,034	212,360	9,585,394
Total	<u>\$ 67,775,446</u>	<u>\$ 12,087,065</u>	<u>\$ 79,862,511</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

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**Note 5. Commitments and Contingencies**

The City is a defendant in several claims and lawsuits. In the opinion of the City's attorney and management, the resolution of these matters will not have a material adverse effect on the future financial statements of the SWPCA.

**Note 6. Risk Management**

The City 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 City is self-insured per claim for up to \$250,000 with an aggregate limit of \$750,000 for general and auto liability, \$1,500,000 for workers' compensation, \$100,000 for public officials' liability and \$100,000 for property losses. The City purchases commercial insurance for claims in excess of these retentions. Costs associated with these risks are reported in the 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.

Changes in the balances of claims liabilities, primarily workers' compensation during the past year, are as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2008	\$ 313,000	\$ 645,000	\$ 609,000	\$ 349,000
2007	\$ 318,000	\$ 633,000	\$ 628,000	\$ 313,000

**Note 7. Employee Retirement Plan**

Nearly all full-time City employees are covered by a pension plan. The employees of the SWPCA are covered under the Classified Employees Retirement Fund. Employees become eligible at date of hire and can contribute between 0% and 5% until they have reached 33 years of service. Full benefits are payable to an employee who retires at age 60 with a minimum of 10 years of service or a vested employee who is age 58 and has reached at least 15 years of service.

As of June 30, 2008, the City contributed \$850,000.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

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**Note 8. OPEB**

Post-retirement benefits

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. Prior to Fiscal Year 2008, these benefits were pay-as-you-go. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2006. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the Projected Unit Credit Method.

Information with respect to the OPEB valuation is contained in the City's basic financial statements.

**Note 9. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2008 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

- ♦ GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2008**

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- ◆ GASB Statement No. 52, “Land and Other Real Estate Held as Investment by Endowments”. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008.
  
- ◆ GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

STAMFORD WATER POLLUTION CONTROL AUTHORITY

SCHEDULE OF REVENUES - BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Sewer use charges	\$ 14,085,249	\$ 14,085,249	\$ 13,041,263	\$ (1,043,986)
Contract Revenue-Darien	1,379,795	1,379,795	1,199,941	(179,854)
Contract Revenue-Aquarion	180,250	180,250	164,736	(15,514)
Fees and other income	860,990	860,990	1,590,274	729,284
<b>Total operating revenue</b>	<b>16,506,284</b>	<b>16,506,284</b>	<b>15,996,214</b>	<b>(510,070)</b>
<b>NONOPERATING REVENUE</b>				
Sewer assessments	1,137,969	1,137,969	2,398,837	1,260,868
Interlocal capital-Darien	619,372	619,372	821,638	202,266
Interest income	350,000	350,000	772,533	422,533
<b>Total nonoperating revenue</b>	<b>2,107,341</b>	<b>2,107,341</b>	<b>3,993,008</b>	<b>1,885,667</b>
<b>Total revenues</b>	<b>\$ 18,613,625</b>	<b>\$ 18,613,625</b>	<b>\$ 19,989,222</b>	<b>\$ 1,375,597</b>

STAMFORD WATER POLLUTION CONTROL AUTHORITY

SCHEDULE OF OPERATING EXPENSES - BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING EXPENSES</b>				
WPCA administration	\$ 9,743,944	\$ 9,743,944	\$ 9,279,255	\$ 464,689
Process control	3,385,516	3,235,516	3,245,542	(10,026)
Laboratory	438,382	438,382	425,491	12,891
Sludge processing	1,805,031	1,795,031	1,470,678	324,353
Storm water management	120,342	120,342	708	119,634
Building maintenance	151,494	401,494	376,729	24,765
Equipment maintenance	555,075	555,075	562,038	(6,963)
Pump station maintenance	550,719	550,719	404,656	146,063
Sanitary sewer maintenance	228,472	228,472	166,011	62,461
Barrier maintenance	113,520	151,520	112,836	38,684
Billing services	281,436	281,436	258,173	23,263
<b>Total operating expenses</b>	<b>17,373,931</b>	<b>17,501,931</b>	<b>16,302,117</b>	<b>1,199,814</b>
<b>NONOPERATING EXPENSES AND TRANSFERS</b>				
Debt service	3,420,087	3,420,087	3,583,786	(163,699)
<b>Total nonoperating expenses and transfers</b>	<b>3,420,087</b>	<b>3,420,087</b>	<b>3,583,786</b>	<b>(163,699)</b>
<b>Total expenses</b>	<b>\$ 20,794,018</b>	<b>\$ 20,922,018</b>	<b>19,885,903</b>	<b>\$ 1,036,115</b>
Interest expense			(4,401,176)	
Expenditures on a GAAP Basis			<b>\$ 15,484,727</b>	

**Statistical Section**

## ***Statistical Section***

This part of the Stamford WPCA's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Contents**

#### ***Financial Trends***

These schedules contain trend information to help the reader understand how the SWPCA's financial performance and well-being have changed over time.

#### ***Revenue Capacity***

These schedules contain information to help the reader assess the SWPCA's most significant local revenue source, the property tax.

#### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the SWPCA's financial activities take place.

#### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the SWPCA's financial report relates to the services the SWPCA provides and the activities it performs.

**Water Pollution Control Authority of the City of Stamford, CT**

**Debt Outstanding by Type  
(Unaudited/000's omitted)**

Fiscal Year	Notes Payable	General Obligation Bonds	Revenue Bonds	Total WPCA Debt	Number of Customers	Per Capita
2001	6,079	28,845	-	\$ 34,924	N/A	N/A
2002	10,812	27,127	-	\$ 37,939	N/A	N/A
2003	38,112	24,192	-	\$ 62,304	N/A	N/A
2004	61,962	22,408	12,689	\$ 97,059	N/A	N/A
2005	71,578	24,422	12,449	\$ 108,449	N/A	N/A
2006	77,734	21,899	12,177	\$ 111,810	N/A	N/A
2007	71,172	19,678	31,993	\$ 122,843	18,698	6,570
<b>2008</b>	<b>67,775</b>	<b>14,920</b>	<b>31,277</b>	<b>\$ 113,972</b>	<b>18,822</b>	<b>6,055</b>

**Note:** Details of the WPCA's outstanding debt are in the notes to the financial statements.

**Water Pollution Control Authority of the City of Stamford, CT**

**Pledged-Revenue Coverage  
(Unaudited)**

<b>Water Pollution Control Authority Debt Service Coverage Ratios</b>							
<b>Fiscal Year</b>	<b>Total Revenue *</b>	<b>Less Operating Expenses **</b>	<b>Net Available Revenue</b>	<b>Senior Lien Debt Service</b>	<b>Senior Lien Coverage Ratio</b>	<b>Total Debt Service</b>	<b>Total Debt Coverage Ratio</b>
2004	\$ 14,172,497	\$ 7,253,479	\$ 6,919,018	\$ 777,608	8.90	\$ 3,808,358	1.82
2005	12,471,447	4,211,394	8,260,053	1,219,015	6.78	3,965,986	2.08
2006	14,965,409	7,459,640	7,505,769	5,857,490	1.28	10,224,572	0.73
2007	20,851,113	6,836,811	14,014,302	12,073,750	1.16	13,413,123	1.04
<b>2008</b>	<b>20,989,222</b>	<b>8,816,238</b>	<b>12,172,984</b>	<b>6,781,456</b>	<b>1.80</b>	<b>10,919,972</b>	<b>1.11</b>

\* Includes operating, non-operating revenues and reserves available to support debt service.

\*\* Not including depreciation expense.

**Water Pollution Control Authority of the City of Stamford, CT**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year Ended June 30	City of Stamford Population	Personal** Income	Per Capita** Income	Median** Age	Unemployment(*) Rate
1999	109,997	-	-	-	2.7%
2000	110,689	-	-	-	2.5%
2001	117,083	-	-	-	1.7%
2002	117,334	-	-	-	2.7%
2003	119,580	-	-	-	3.7%
2004	120,202	53,174	59,108	39	4.6%
2005	121,142	56,796	62,979	38	4.1%
2006	121,821	60,232	66,719	38	3.5%
2007	122,261	64,743	71,901	39	3.5%
<b>2008</b>	<b>122,342</b>	<b>71,773</b>	<b>80,192</b>	<b>39</b>	<b>5.5%</b>

(\*) **Source:** Connecticut Department of Labor, By Town, Not Seasonally Adjusted.

\*\* Data prior to 2004 not available.

**Water Pollution Control Authority of the City of Stamford, CT**

**Principal Water Users  
Current and Previous Year**

2008			2007		
Property Owner	Annual Billed Consumption (100 ccf.)	% of Total Consumption	Property Owner	Annual Billed Consumption (100 ccf.)	% of Total Consumption
PROCTER & GAMBLE CO	54,800	1.65%	PROCTER & GAMBLE CO	68,040	1.45%
SAINT JOHN'S TOWERS	43,320	1.31%	SAINT JOHN'S TOWERS	48,140	1.03%
SPARTECH POLYCAST INC	37,788	1.14%	STAMFORD HOSPITAL	38,980	0.83%
STAMFORD HOSPITAL	36,320	1.10%	WESTIN HOTEL STAMFORD	37,312	0.80%
WESTIN HOTEL STAMFORD	29,762	0.90%	HOYT BEDFORD APARTMENTS	28,960	0.62%
UBS	28,000	0.84%	SPARTECH POLYCAST INC	26,080	0.56%
HOYT BEDFORD APARTMENTS	26,432	0.80%	STAMFORD MARRIOTT HOTEL	24,180	0.52%
STAMFORD MARRIOTT HOTEL	23,288	0.70%	UBS	24,180	0.52%
STAMFORD TOWN CENTER	23,122	0.70%	RBD STAMFORD LLC	21,680	0.46%
FAIRFIELD BEDFORD LLC	21,720	0.66%	STAMFORD TOWN CENTER	21,680	0.46%
	<u>324,552</u>	<u>9.79%</u>		<u>339,232</u>	<u>7.23%</u>

**Note:** The Town of Darien contributes 15% of total plant flow for treatment, but is billed pursuant to a contract with the WPCA and is not assessed a user charge.

**Water Pollution Control Authority of the City of Stamford, CT**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Customers	Consumption	Annual Consumption Charter	Rate per CCF	Annual Rate Change	Average Residential Bill
99	-	5,190,392	0.00%	\$ 1.65	-	\$ -
00	-	5,288,774	1.90%	1.65	0.00%	\$227.70
01	-	5,385,118	1.82%	1.65	0.00%	\$227.70
02	-	5,408,000	0.42%	1.76	6.67%	\$238.00
03	-	5,146,220	-4.84%	1.91	8.52%	\$252.12
04	-	5,194,867	0.95%	2.06	7.85%	\$267.80
05	-	5,432,112	4.57%	2.20	6.80%	\$259.60
06	18,428	5,010,172	-7.77%	2.30	4.55%	\$285.20
07	18,510	4,755,682	-5.08%	2.96	28.70%	\$330.00
08	18,572	4,336,336	-8.82%	3.03	2.36%	\$333.30