

**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, 2012 AND 2011

STAMFORD WATER POLLUTION CONTROL AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	i - iv
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 13
Comparative Statements of Net Assets	14 - 15
Comparative Statements of Revenues, Expenses and Changes in Net Assets	16
Comparative Statements of Cash Flows	17
Notes to Financial Statements	18 - 30
Schedule of Revenues – Budgetary Basis – Budget and Actual	31
Schedule of Operating Expenses – Budgetary Basis – Budget and Actual	32
Financial Trend	33 - 34
Revenue Capacity	35 - 36
Debt Capacity	37 - 39
Operating Information	40 - 41



Letter of Transmittal

January 30, 2013

To: Mayor Michael A. Pavia
Board of Finance
Board of Representatives
SWPCA Board
Citizens of Stamford

Introduction

The audited financial statements of the Stamford Water Pollution Control Authority (“SWPCA”) are being published for the fiscal year ended June 30, 2012 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.

O’Connor Davies, LLP, a firm of licensed certified public accountants, has issued an unqualified opinion on the SWPCA’s financial statements for the year ended June 30, 2012. 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

The SWPCA adheres to a variety of financial policies and procedures adopted by the City of Stamford’s Board of Finance. Such policies include procurement, accounts payable, accounts receivable, and cash receipts among others. These policies and procedures are intended to help the SWPCA maintain a sound financial condition and also help ensure that the SWPCA meets all requirements set forth by State and Federal regulations.

The Stamford Water Pollution Control Authority

Ordinance No. 803, adopted November 6, 1996, established the Stamford Water Pollution Control Authority (“SWPCA”). 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 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 upgrade and expansion project which was completed in 2006. The plant has a treatment capacity of 24 million

gallons of wastewater per day (“MGD”). Currently, the average annual flow is about 18 MGD, so there is excess capacity for the growth that is currently occurring in Stamford.

Beginning in 2006, the SWPCA was also made responsible for the City-wide stormwater permit program. This program consists of monitoring, reporting, and other compliance requirements of the Municipal Separate Stormwater Sewer System (“MS4”) permit. The City of Stamford’s existing stormwater MS4 permit expired in March 2010. Permit renewal activities and active discussions are underway with the state DEEP by City officials. Until the new permit is officially issued to the City, the SWPCA will continue to handle such responsibilities (see paragraph below).

The SWPCA was issued a Notice of Violation (NOV) dated September 10, 2012 by the Connecticut Department of Energy & Environmental Protection (“DEEP”) stating that the SWPCA failed to meet regulatory requirements for effluent permit limits, the operation of secondary clarifier and nitrified recycle pumps, bypass prevention, and maintaining a system of user charges that supported the maintenance and replacement of critical components. No failure dates or time periods were specified and no penalties have been levied to date in conjunction with this NOV. The SWPCA is in continuing communication with DEEP regarding the corrective actions required to address these issues.

As of June 2011, the SWPCA is no longer involved in the management or support of the water quality restoration projects for the Rippowam/Mill Rivers and Holly Pond/Noroton River, although it is providing some transitional administrative support on these projects while such responsibilities are transferred elsewhere within the City.

Service Area

The SWPCA’s service area includes residential, commercial, government and non-profit customers in Stamford, CT and the adjacent Town of Darien, CT (“Darien”). The customer base served by the SWPCA consists of a diverse mix of residential and commercial customers. In Stamford, approximately 88% of customers are residential (including home owners, condominium owners and renters) and 12% 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.

An Interlocal Agreement between SWPCA and Darien provides a formula for compensation to the SWPCA for operation and maintenance and for capital improvements. Based on this formula, which reflects the proportionate share of Darien’s flow to the total flow entering the treatment plant, in fiscal 2012 Darien was responsible for approximately 13% of the SWPCA’s operating and maintenance costs. Darien is solely responsible for the operation and maintenance of all of its pumping stations and collection system and all border crossings. All capital improvements to the SWPCA’s treatment plant, pumping stations or sewers that treat or convey wastewater from Darien are similarly paid using the same 13% cost sharing ratio. The SWPCA bills its ratepayers in Darien annually, typically in October, and it bills Darien annually in September. The bill to Darien is based on all of the SWPCA’s operating and maintenance costs and capital investment amounts plus any adjustments to the previous bill.

Physical Assets

The physical assets of the SWPCA include 22 wastewater-pumping stations, about 300 miles of sanitary sewer, four storm water pumping stations and the wastewater treatment plant. For these 22 pumping stations the pumping capacity ranges from 100,000 gallons per day to 5 million gallons per day. There are capital improvement programs in place for both the sanitary sewer system and the pumping stations.

Management and Organization

The SWPCA Board of Directors (“Board”) is comprised of nine members, all of whom are voting members. By ordinance, the Board includes the City’s Director of Operations, Director of Administration, President of the Board of Representatives or designee, Chairman of the Board of Finance or designee, and five at-large members, one of whom must be a financial professional and the other an engineer.

The Mayor with approval of the Board of Representatives appoints the City’s Directors of Operations and Administration. The Board of Finance and the Board of Representatives respective SWPCA Board members are elected in city-wide 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 three-year terms. There are no term limits so at-large members can serve multiple terms.

During the past year, new members Handler, Rullman, Capano were appointed to the Board and a new Chairman and Vice Chairman were elected (Orgera and Handler, respectively). The members of the Board are:

Ernest A. Orgera, Director of Operations and Chairman
Michael E. Handler, Jr., Director of Administration and Vice Chairman
Tim Abbazia, Board of Finance
Mitchell Kaufman, Board of Representatives
Cristina Andreana, At-Large (Financial)
Donald H. Rullman Sr., At-Large (Engineer)
Donald A. Huppert, At-Large
Daniel E. Capano, At Large

Ms. Jeanette Brown, the former Executive Director of the SWPCA, resigned in June, 2011 to pursue other interests. The SWPCA has retained an interim Executive Director and is in the process of recruiting a qualified permanent successor.

Rates and Charges

The SWPCA, through its Board of Directors, is responsible for setting and imposing sewer user rates and other fees and charges for all customers in its service area. 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.

Capital Improvement Plan

The SWPCA typically manages multiple con-current capital projects. The projects are categorized as engineering studies, engineering design, building and equipment replacement or upgrades, and sewer repairs or extensions.


- Bids were solicited for complete rehabilitation of the mechanicals for two of the secondary clarifiers and three primary sludge thickeners.
- City wide computerized sewer mapping was initiated to comply with the EPA administrative order.
- Engineering design was undertaken for Carriage Drive area sewers, and proposals were solicited for Wedgemere Road area sewers, and Perna Lane sewers.
 - ◆ The design for Carriage Drive area sewers project is ninety nine (99%) percent complete and is likely to go into construction early 2013.
 - ◆ The design Wedgemere Road sewers are about seventy (70%) percent complete and Perna Lane sewers are about fifty (50%) percent in design.
- Sanitary sewers were rebuilt at various locations to replace old deteriorating and misaligned pipes and odor control systems were upgraded, re-piped, and insulated, as needed.
- Also, all the parking areas at the satellite pump stations were reconstructed.

The SWPCA is in the process of implementing a comprehensive, computerized asset management system as mandated by the EPA. In addition, the SWPCA is upgrading various process equipment, including clarifiers, thickeners, sludge pumps, mixers, and vehicles used in maintenance of the treatment plant and the sanitary sewer conveyance system.

Summary

The SWPCA has been in operation since 1996. The Board is comprised of a number of experienced elected and appointed officials. Furthermore, sufficient operating capacity is in place to meet the SWPCA's expected customer demand in its service area for the foreseeable future.

Respectfully Submitted,



Ernest A. Orgera
Chairman
SWPCA Board of Directors

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 years ended June 30, 2012 and 2011 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 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SWPCA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2, 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, 2012 and 2011, 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.

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, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 31 through 32 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.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the SWPCA's financial statements as a whole. The letter of transmittal and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The transmittal letter and statistical sections 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.

O'Connor Davies, LLP

Stamford, Connecticut
January 30, 2013

Stamford Water Pollution Control Authority Management's Discussion and Analysis June 30, 2012

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, 2012. Please read it in conjunction with the letter of transmittal and the financial statements that follow this section.

Financial Highlights

- ◆ As of June 30, 2012 the assets (\$166.9 million) of the SWPCA exceeded its liabilities (\$107.4 million), resulting in total net assets at the end of the fiscal year of \$59.5 million. Net assets increased \$3.3 million versus the prior year-end period primarily due to the net of a decrease in capital assets, net of depreciation (\$4.2 million) and a decrease in total liabilities of (\$7.9 million). Unrestricted net assets total \$5.2 million, and that is an increase of \$2.7 million over the prior year.
- ◆ Operating revenues in fiscal 2012 were \$20.3 million, compared to \$18.5 million in the prior year, primarily reflecting increased sewer use charges. Operating expenses were \$16.6 million versus \$16.7 million the prior year, resulting in operating income of approximately \$3.7 million compared to \$1.8 million in the prior year. The increase in operating income primarily reflects the favorable impact of lower utilities expense and operations and supplies expense, partially offset by higher salaries, benefits and claims expense, materials and supplies expense, and an increase in the provision for doubtful accounts (bad debts expense). In fiscal 2011, other non-operating revenue of \$1.1 million reflected over-accruals from 2010 being reversed. Unrestricted Net Assets were 26% of Operating Revenue, an improvement of approximately 12 percentage points from the prior year.
- ◆ Current assets decreased by \$1.0 million, primarily reflecting a decrease in accounts receivable, net. Days sales outstanding ("DSO") for the gross usage charges accounts receivable decreased from 102 days to 84 days as of June 30, 2012; a concerted effort to collect overdue usage charges was in place and will continue going forward.
- ◆ Current liabilities decreased \$1.7 million, primarily due to decreases in the balances in Accounts Payable, Accrued Liabilities, and Due to the City of Stamford (advances from the City that support the SWPCA's working capital requirements).
- ◆ Total indebtedness – including current and long-term general obligation bonds, revenue bonds, and notes payable -- decreased by \$6.1 million to \$100.1 million as of June 30, 2012. This reflects the repayment of \$1.7 million of general obligation bonds, \$0.7 million of revenue bonds, and \$3.7 million of notes payable. The SWPCA's outstanding debt is rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.
- ◆ As noted above, net assets increased \$3.3 million (approximately 6%), to \$59.5 million. Net assets invested in capital assets, does not include any unexpended bond proceeds from previous debt issuances as of June 30, 2012 because all proceeds have been expended on capital projects.
- ◆ The SWPCA's capital assets, net of accumulated depreciation, decreased by about \$4.2 million to \$146.5 million versus the prior period. Depreciation expense of \$5.1 million was more than the capital asset additions (\$.9 million) during the fiscal year. The SWPCA's capital assets and available operating capacity are considered sufficient to meet the City of Stamford's currently foreseeable needs.

- ◆ The SWPCA continues to rely on the City for certain back-office service functions such as payroll, accounts payable, procurement, IT tech support, etc. which would not be cost efficient to try to implement internally.
- ◆ Finally, the SWPCA was issued a Notice of Violation (“NOV”) dated September 10, 2012 by the Connecticut Department of Energy & Environmental Protection (“DEEP”) stating that the SWPCA failed to meet regulatory requirements for effluent permit limits, the operation of secondary clarifier and nitrified recycle pumps, bypass prevention, and maintaining a system of user charges that supported the maintenance and replacement of critical components. No failure dates or time periods were specified and no penalties have been levied to date in conjunction with this NOV. The SWPCA is in continuing communication with DEEP regarding the corrective actions required to address these issues.

Overview of the Financial Statements

The SWPCA’s financial statements 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 Financial Statements; and 3) Schedule of Revenues and Expenses on a Budgetary Basis. The accompanying statistical section provides trend comparisons of selected financial and non-financial information over a number of years.

SWPCA Financial Statements

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 Assets. The Statement of Net Assets presents information on all of the SWPCA’s assets and liabilities, with the difference reported as net assets. Evaluating the amount and composition of the SWPCA’s net assets – the difference between assets and liabilities – is one way to measure the SWPCA’s financial health and financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial condition of the SWPCA is improving or deteriorating. However, other non-financial factors need to be considered as well, including changes in the SWPCA’s customer base and the condition of the SWPCA’s facilities, to assess the overall financial health of the SWPCA.

Statement of Revenues, Expenses and Changes in Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents information regarding how the SWPCA’s net assets changed during the most recent fiscal year. All of the fiscal year’s revenues and expenses are taken into account regardless of when cash was received or paid. Thus, certain revenues and expenses are reported in this statement for some items that may result in cash flows in a future fiscal period. Uncollected water usage charges and earned but unused vacation leave expense are examples of these types of items.

Statement of Cash Flows. The Statement of Cash Flows presents information on where cash came from and how it was used. The Statement of Cash Flows is important because it helps to determine if the SWPCA met its cash needs during the year and how it met them. It is important to understand financial activity measured on the accrual basis of accounting (as reflected in the Statement of Revenues, Expenses and Changes in Net Assets) as well as on the 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) are presented on pages 14-17 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are presented on pages 18-30 of this report.

Budgetary Information. The Board of Directors of SWPCA and the City of Stamford adopt an annual revenue and expenditure budget 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 31-32 of this report.

Financial Analysis

Net Assets

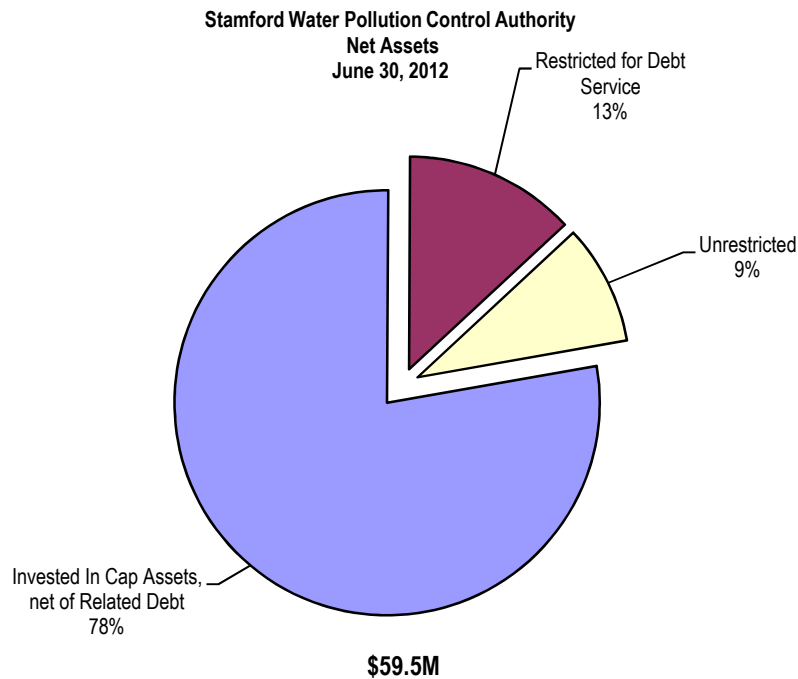
As noted earlier, net assets may serve over time as a useful indicator of the SWPCA’s financial condition and an important determinant of the SWPCA’s ability to finance its future cash needs. The SWPCA’s assets exceeded its liabilities by \$59.5 million at June 30, 2012. The SWPCA’s net assets increased by \$3.3 million or approximately 6% from the prior year-end period, primarily reflecting the increase in sewer use charges. Unrestricted net assets increased by approximately \$2.7 million to approximately \$5.2 million at June 30, 2012. Unrestricted net assets provide financial flexibility to meet the needs of the SWPCA’s customers and creditors.

Stamford Water Pollution Control Authority
Net Assets (000's omitted)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current Assets (Cash & Accounts Receivable)	\$5,343	\$6,294	(\$951)	
Restricted Cash	7,742	7,811	(69)	
Non-Current Assets (special assessments and deferred)	7,404	6,811	593	
Capital Assets (net of depreciation)	146,450	150,637	(4,187)	
Total Assets	<u>\$166,939</u>	<u>\$171,553</u>	<u>(\$4,614)</u>	
Current Liabilities	13,285	14,966	(1,681)	
Long-term Liabilities	94,161	100,424	(6,263)	
Total Liabilities	<u>107,446</u>	<u>115,390</u>	<u>(7,944)</u>	

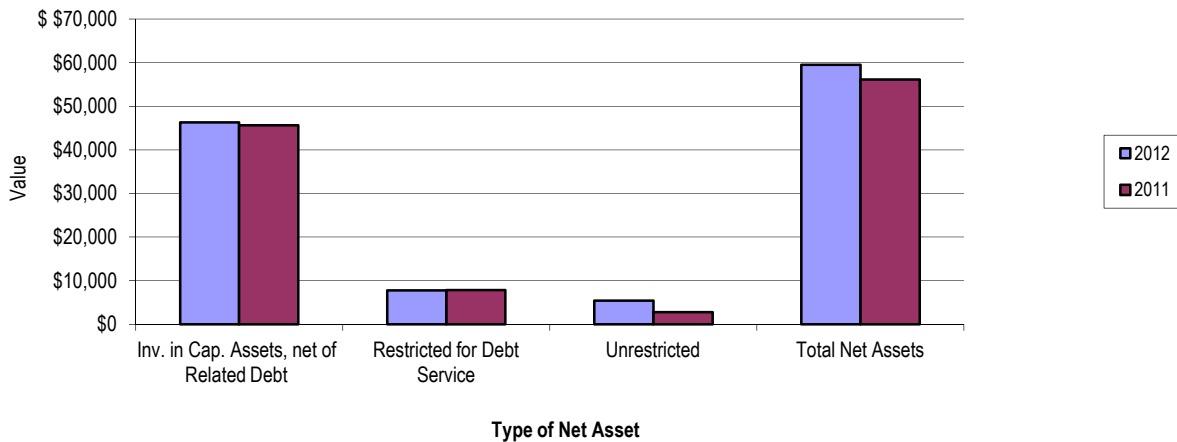
Net Assets:

Invested In Cap Assets, net of Related Debt	46,503	45,823	680	
Restricted for Debt Service	7,742	7,811	(69)	
Unrestricted	5,248	2,529	2,719	
Total Net Assets	<u>\$59,493</u>	<u>\$56,163</u>	<u>\$3,330</u>	6.0%



A common measure of liquidity is the current ratio (current assets divided by current liabilities); it helps determine whether, over the next year, the SWPCA will have sufficient cash and readily liquid assets on hand to finance its short term cash requirements. As of June 30, 2012 the SWPCA's current ratio was 0.4 to 1 as compared to 0.4 to 1 at the prior year-end. In Fiscal 2012, net working capital (current assets minus current liabilities) changed from a negative \$8.7 to a negative \$8.0 million, primarily reflecting a decrease in the balance due to the City. During the period between the billing cycles for usage and connections/special assessments (e.g. April and October), the SWPCA funds any interim short term cash needs through advances from the City of Stamford and repays them with its cash receipts (similar to a revolving credit agreement). Under a long standing pooled cash arrangement, the SWPCA pays the City interest to cover such short-term cash needs. Nevertheless, the SWPCA's recent liquidity trend, including increased debt service requirements being driven by infrastructure repairs and replacement and the exhaustion of its unexpended bond proceeds, is unfavorable and requires corrective action.

Stamford Water Pollution Control Authority
Net Assets (000's omitted)
FYE 2012 vs. 2011 (at June 30)



Net Assets – Invested in Capital Assets (Net of Related Debt). As of June 30, 2012 the largest portion 78% of the SWPCA’s \$59.5 million in net assets relates to its investment in capital assets (land, buildings, machinery, equipment, etc.), net of accumulated depreciation, unexpended bond proceeds, deferred charges, and any related 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. Although the SWPCA’s investment in 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 (sewer use charges, fees and other income), since the capital assets themselves are not readily available as a source of funds to liquidate these liabilities.

Net Assets – Restricted. The SWPCA has net assets that are restricted for debt service. These assets are maintained in restricted trust accounts due to indenture requirements related to the 2003 and 2006 Revenue Bond issuances. Of the SWPCA’s \$59.5 million in total net assets as of June 30, 2012, \$7.7 million or 13%, was restricted and may not be used to fund the SWPCA’s ongoing obligations (with the exception of debt service under certain restricted circumstances).

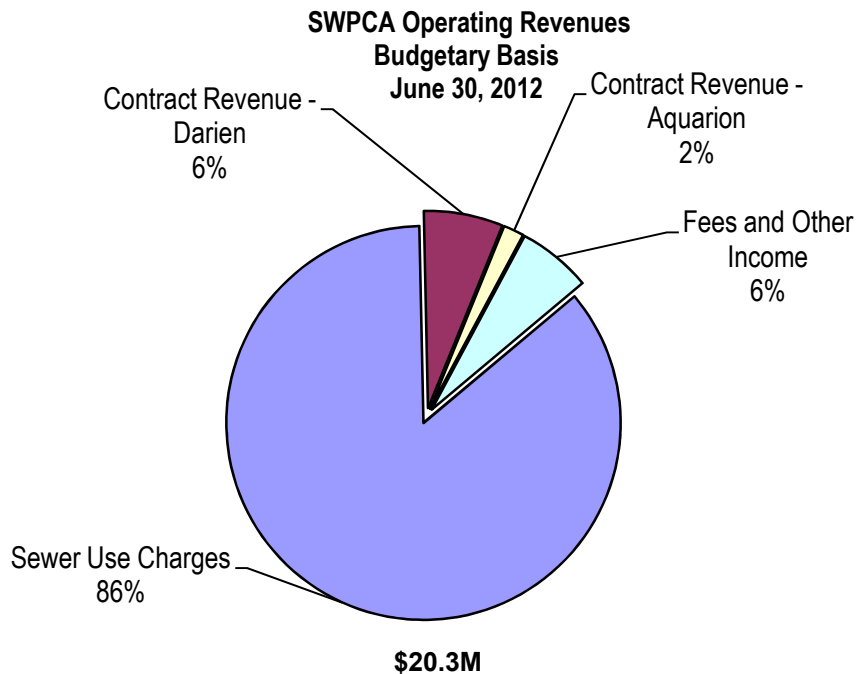
Net Assets – Unrestricted. Of the SWPCA’s total net assets at June 30, 2012, \$5.4 million or 9% was unrestricted and available to be used to meet the SWPCA’s obligations to customers, creditors and for capital projects.

**Statement of Revenues,
Expenses and Other Changes
in Net Assets (000's omitted)**

	Fiscal 2012	Fiscal 2011	Change
Operating Revenues	\$20,305	\$18,504	\$1,801
Operating Expenses	16,642	16,660	(18)
Net Operating Income	3,663	1,844	1,819
Non-Operating Revenue (Expenses)	(333)	1,081	(1,414)
Change in Net Assets	3,330	2,925	405
Net Assets, beginning (6/30/11)	56,163	53,238	2,925
Net Assets, ending (6/30/12)	<u>\$59,493</u>	<u>\$56,163</u>	<u>\$3,330</u>

Budgetary Information

Revenues. In fiscal 2012 the SWPCA's operating revenue sources consisted of sewer use charges for Stamford customers and Darien customers (86% in total), and contract revenue, fees and other income (14% in total).

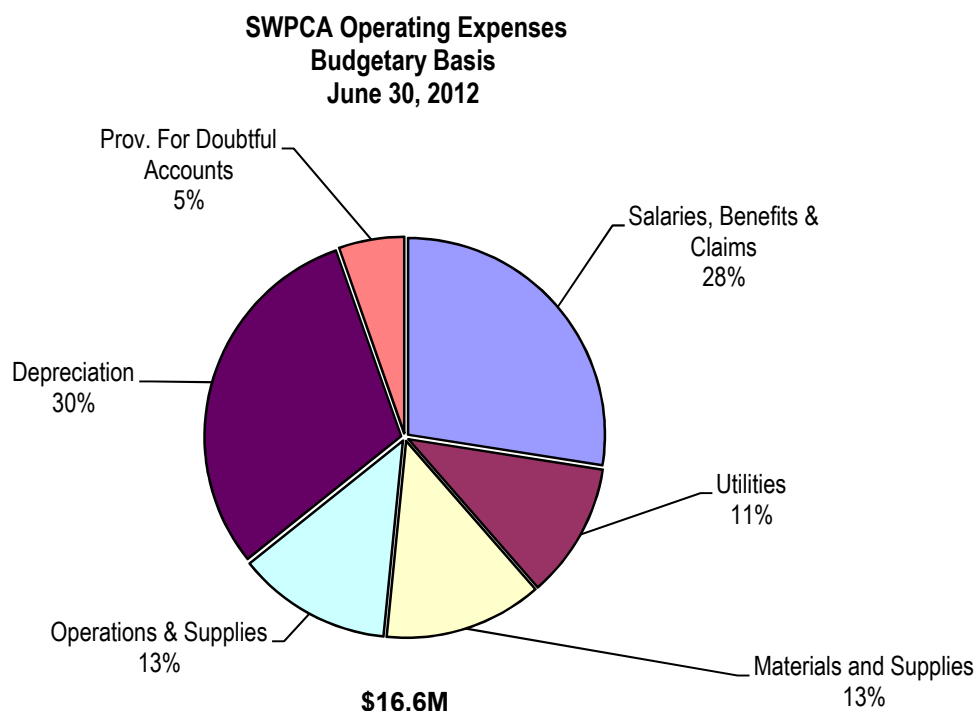


The original fiscal 2012 revenue estimate for sewer use charges was set at approximately \$16.9 million prior to the actual consumption data being available. At the annual rate setting meeting, adjustments were made to account for estimates of other revenue, collection rate assumptions and indenture requirements for debt service coverage. Based on these adjustments, the user charge rate was set at \$3.86 per CCF, resulting in an annual billing of \$16.9 million (based on assumed consumption of 4.4 million CCFs).

After adjustments (e.g., off-cycle charges, cancel/rebill charges), the amount of revenue billed in fiscal 2012 based on actual consumption of 4.3 million CCFs was \$16.7 million. Fiscal 2012 revenues totaled \$20.3 million. Despite the challenging economic environment, the collection rate within twelve months on sewer use charges in fiscal 2012 was approximately 92.0% (vs. 89.0% in the prior year).

In fiscal 2012 the SWPCA’s primary operating revenues of \$20.3 million (as compared to \$18.5 million the prior year) included sewer use charges (\$17.4 million), contract revenues (\$1.3 million and \$0.3 million, from Darien and Aquarion, respectively), 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).

Expenses. In fiscal 2012 the SWPCA’s operating expenses, which totaled \$16.6 million (as compared to \$16.7 million the prior year), consisted of salaries, employee benefits and claims (\$4.6 million), utilities costs (\$1.8 million), materials and supplies (\$2.2 million), operations and supplies (\$2.1 million), depreciation (\$5.1 million), and the provision for doubtful accounts (\$0.9 million). The favorable impact of lower utilities expense and operations and supplies expense, was partially offset by higher salaries, benefits and claims expense, materials and supplies expense, and an increase in the provision for doubtful accounts (bad debts expense).



The SWPCA's non-operating revenue of \$2.8 million included special assessments and connection charges (\$2.7 million) and interest income (\$0.1 million); non-operating expense of \$3.1 million consisted entirely of interest expense.

Additional information on revenue and expense budgetary information is contained in the supplemental information section.

Organization of SWPCA Operations

The SWPCA's organization includes three primary Divisions, as follows:

Administration Division: 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 Division: responsible to ensure that the SWPCA's facilities are operated effectively and meet all state and federal requirements. Activities within this Division include sludge processing, storm water discharge and management, and laboratory services.

Maintenance Division: responsible for the maintenance of the SWPCA's facilities, including property and equipment, pumping stations and sanitary sewer maintenance.

As of June 30, 2012 the SWPCA had 39 full time equivalent employees a decrease of 2 from the prior year.

SWPCA's Major Recent Capital Projects

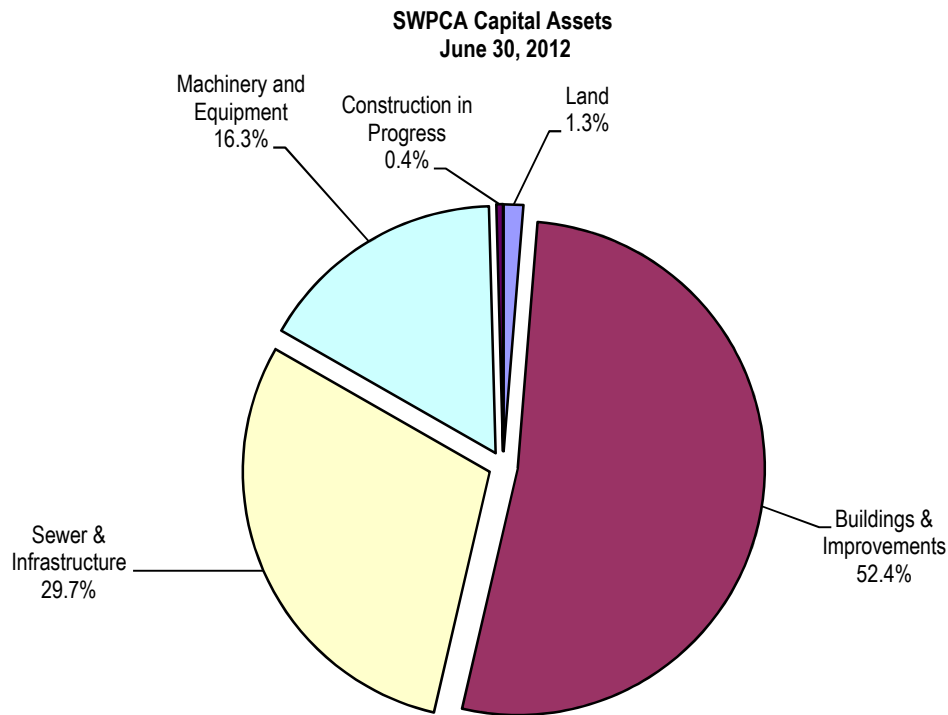
The SWPCA's major recent projects included:

- Bids were solicited for complete rehabilitation of the mechanicals for two of the secondary clarifiers and three primary sludge thickeners.
- City wide computerized sewer mapping was initiated to comply with the EPA administrative order.
- Engineering design was undertaken for Carriage Drive area sewers, and proposals were solicited for Wedgemere Road area sewers, and Perna Lane sewers.
 - ♦ The design for Carriage Drive area sewers project is ninety nine (99%) percent complete and is likely to go into construction early 2013.
 - ♦ The design Wedgemere Road sewers are about seventy (70%) percent complete and Perna Lane sewers are about fifty (50%) percent in design.
- Sanitary sewers were rebuilt at various locations to replace old deteriorating and misaligned pipes and odor control systems were upgraded, re-piped, and insulated, as needed.
- Also, all the parking areas at the satellite pump stations were reconstructed.

Capital Assets. As of June 30, 2012, the SWPCA had total capital assets, net of accumulated depreciation, of approximately \$146.5 million, as follows:

**Stamford Water Pollution Control Authority
Capital Assets (000's omitted)**

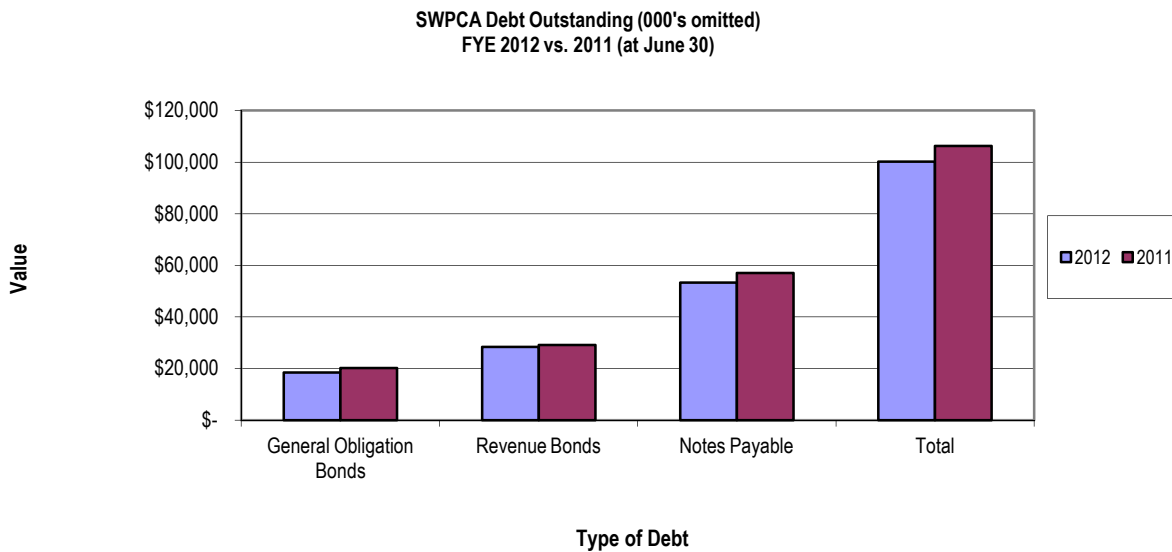
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>
Land	\$2,833	\$2,833	\$0
Buildings & Improvements	116,418	116,080	338
Sewer & Infrastructure	65,938	65,638	300
Machinery and Equipment	36,195	36,111	84
Construction in Progress	971	825	146
Subtotal	<u>\$222,355</u>	<u>\$221,487</u>	<u>\$868</u>
Less Accumulated Depreciation	<u>(\$75,905)</u>	<u>(\$70,850)</u>	<u>(\$5,055)</u>
Total	<u><u>\$146,450</u></u>	<u><u>\$150,637</u></u>	<u><u>(\$4,187)</u></u>



Additional information on capital assets is presented in Note 5 on pages 22-23 of this report.

Debt Outstanding. As of June 30, 2012, the Stamford Water Pollution Control Authority had bonds and notes payable outstanding of approximately \$100.1 million, as follows:

Stamford Water Pollution Control Authority			
Debt Outstanding			
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>
General Obligation Bonds	\$18,496,447	\$20,190,447	(\$1,694,000)
Revenue Bonds	28,345,152	29,051,418	(706,266)
Notes Payable	53,290,737	57,015,782	(3,725,045)
Totals	<u>\$100,132,336</u>	<u>\$106,257,647</u>	<u>(\$6,125,311)</u>



The Stamford Water Pollution Control Authority's total debt outstanding decreased by approximately \$6.1 million in fiscal 2012, reflecting the net impact of principal payments of \$1.7 million in general obligation debt, \$0.7 million in revenue bonds, and \$3.7 million in note payables. The Stamford Water Pollution Control Authority currently has its debt rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.

Additional information on debt outstanding is presented in Note 7 of this report on pages 24-28.

Requests for Information

This financial report is designed to provide a general financial overview of the Stamford Water Pollution Control Authority for those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Ernest A. Orgera, Chairman of the SWPCA, at 111 Harbor View Ave, Stamford, CT 06902. Mr. Orgera is also the City's Director of Operations (EOrgera@ci.stamford.ct.us), and maintains an office at 888 Washington Boulevard, Stamford, CT 06901.

STAMFORD WATER POLLUTION CONTROL AUTHORITY

COMPARATIVE STATEMENTS OF NET ASSETS
 JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 515,420	\$ 470,240
Accounts receivable:		
Usage charges, net of allowance for doubtful accounts of \$2,000,000 and \$1,200,000	2,406,372	3,627,796
Special assessments and connection charges, net of allowance for doubtful accounts of \$500,000 and \$500,000	1,235,538	996,094
Other	1,176,000	1,189,433
Other current assets	<u>9,902</u>	<u>10,258</u>
Total Current Assets	<u>5,343,232</u>	<u>6,293,821</u>
Non-current Assets		
Capital assets		
Land	2,833,278	2,833,278
Sewer and infrastructure	65,938,070	65,637,806
Building and improvements	116,417,420	116,080,368
Equipment	36,195,141	36,111,047
Construction in progress	971,370	825,007
Less accumulated depreciation	<u>(75,905,099)</u>	<u>(70,850,450)</u>
Total Capital Assets, Net	146,450,180	150,637,056
Restricted assets - cash and cash equivalents	7,742,365	7,811,039
Special assessments and connection charges receivable, net of current portion	7,218,567	6,600,182
Deferred charges	<u>184,890</u>	<u>210,540</u>
Total Non-current Assets	<u>161,596,002</u>	<u>165,258,817</u>
Total Assets	<u>\$ 166,939,234</u>	<u>\$ 171,552,638</u>

See notes to financial statements

STAMFORD WATER POLLUTION CONTROL AUTHORITY

COMPARATIVE STATEMENTS OF NET ASSETS (Continued)

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 475,305	\$ 948,857
Accrued liabilities	100,829	763,262
Accrued interest payable	668,021	694,090
Unearned revenue	177,542	154,062
Due to the City of Stamford	5,576,469	6,273,695
Current portion of general obligation bonds	1,743,440	1,687,234
Current portion of revenue bonds payable	715,000	690,000
Current portion of notes payable	3,796,603	3,725,044
Current portion of compensated absences	<u>32,000</u>	<u>30,000</u>
Total Current Liabilities	13,285,209	14,966,244
General Obligation Bonds, net	16,753,007	18,503,213
Revenue Bonds Payable, net	27,630,152	28,361,418
Notes Payable, net	49,494,134	53,290,738
Compensated Absences, net	<u>283,347</u>	<u>268,107</u>
Total Liabilities	<u>107,445,849</u>	<u>115,389,720</u>
Net Assets		
Invested in capital assets, net of related debt (including unexpended bond funds of \$0 and \$1,233,468)	46,502,734	45,823,417
Restricted for debt service	7,742,365	7,811,039
Unrestricted	<u>5,248,286</u>	<u>2,528,462</u>
Total Net Assets	<u>59,493,385</u>	<u>56,162,918</u>
Total Liabilities and Net Assets	<u>\$ 166,939,234</u>	<u>\$ 171,552,638</u>

See notes to financial statements

STAMFORD WATER POLLUTION CONTROL AUTHORITY

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Sewer use charges	\$ 19,073,267	\$ 17,261,841
Fees and other income	<u>1,231,337</u>	<u>1,242,067</u>
Total Operating Revenues	<u>20,304,604</u>	<u>18,503,908</u>
OPERATING EXPENSES		
Salaries, benefits and claims	4,572,627	4,398,009
Utilities	1,847,901	2,613,984
Materials and supplies	2,164,289	2,030,557
Operations and supplies	2,107,500	2,155,766
Depreciation	5,054,649	5,086,909
Provision for doubtful accounts	<u>894,906</u>	<u>375,000</u>
Total Operating Expenses	<u>16,641,872</u>	<u>16,660,225</u>
Operating Income	<u>3,662,732</u>	<u>1,843,683</u>
NON-OPERATING REVENUES (EXPENSES)		
Special assessments and connection charges	2,703,276	3,182,499
Provision for doubtful accounts - special assessments and connection charges	-	(100,000)
Other non-operating revenue	-	1,067,492
Interest income	97,752	112,844
Interest expense	<u>(3,133,293)</u>	<u>(3,181,726)</u>
Total Non-Operating Revenues (Expenses)	<u>(332,265)</u>	<u>1,081,109</u>
Change in Net Assets	3,330,467	2,924,792
NET ASSETS		
Beginning of year	<u>56,162,918</u>	<u>53,238,126</u>
End of year	<u>\$ 59,493,385</u>	<u>\$ 56,162,918</u>

See notes to financial statements

STAMFORD WATER POLLUTION CONTROL AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS
JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 20,681,199	\$ 17,011,166
Cash payments to employees	(2,944,249)	(3,254,784)
Cash payments to suppliers	(7,212,220)	(6,095,510)
Cash payments for benefits and claims	<u>(1,596,146)</u>	<u>(1,201,092)</u>
Net Cash from Operating Activities	<u>8,928,584</u>	<u>6,459,780</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net change in due to the City of Stamford	(697,226)	4,783,596
Principal payments on debt	(6,125,311)	(5,787,061)
Interest paid on debt	(3,133,712)	(3,293,902)
Purchase of property and equipment	(925,864)	(4,637,517)
Other non-operating revenue	-	1,067,492
Special assessment and connection charges proceeds	<u>1,832,283</u>	<u>1,442,087</u>
Net Cash from Capital and Related Financing Activities	<u>(9,049,830)</u>	<u>(6,425,305)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>97,752</u>	<u>112,844</u>
Net Change in Cash and Cash Equivalents	(23,494)	147,319
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>8,281,279</u>	<u>8,133,960</u>
End of year	<u>\$ 8,257,785</u>	<u>\$ 8,281,279</u>
Cash and cash equivalents	\$ 515,420	\$ 470,240
Restricted cash	<u>7,742,365</u>	<u>7,811,039</u>
Total Cash and Cash Equivalents	<u>\$ 8,257,785</u>	<u>\$ 8,281,279</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,662,732	\$ 1,843,683
Adjustments to reconcile operating income to net cash provided by operating activities		
Provision for doubtful accounts	894,906	375,000
Depreciation	5,054,649	5,086,909
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	339,951	(1,428,715)
Decrease (increase) in other assets	356	(356)
(Decrease) increase in accounts payable and accrued liabilities	(1,060,654)	647,286
Increase (decrease) in unearned revenue	<u>36,644</u>	<u>(64,027)</u>
Net Cash from Operating Activities	<u>\$ 8,928,584</u>	<u>\$ 6,459,780</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 3,133,712	\$ 3,293,902
SUPPLEMENTAL NON-CASH CAPITAL ACTIVITIES		
Capital acquisition financed with debt and accounts payable	\$ -	\$ 58,091
Bond refunding, \$424,000 refunded and an additional \$6,000 in debt assumed	-	430,000

See notes to financial statements

Note 1 – Organization

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, pumping stations and hurricane barrier for the City of Stamford, Connecticut (the “City”). 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.

Note 2 – Summary of Significant Accounting Policies

Financial Reporting Entity

In accordance with criteria enumerated in Governmental Accounting Standards Board (“GASB”) Statement No. 14, the SWPCA has been identified as a blended component unit of the City and 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.

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.

The SWPCA follows GASB Statement No. 20 “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.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)**Cash and Cash Equivalents (continued)**

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 a deficit at both June 30, 2012 and the prior year period and is reflected as "Due to the City of Stamford" in the accompanying financial statements. The SWPCA's own unrestricted cash balance was \$515,420 and \$470,240 at June 30, 2012 and the prior year period.

Accounts Receivable

Accounts receivable are stated net of an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Capital Assets

Property, plant and equipment are stated at cost. 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>
Sewer and infrastructure	50-100
Buildings and improvements	25-50
Equipment	5-20

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. Non-vested sick leave is recognized to the extent it is expected to be paid.

Operating Revenue

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

Note 2 – Summary of Significant Accounting Policies (Continued)**Operating Revenue (continued)**

The SWPCA has the authority to and does routinely file liens on past due accounts. The lien amounts are payable, subject to unpaid property taxes and any superior claims, i.e. first mortgages, upon transfer of the respective properties.

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 in residences and commercial businesses. No interest is charged on connection charges. Accordingly, connection charges are recorded net of an imputed interest charge. Amounts receivable for special assessments and connection charge fees are stated net of interest and imputed interest. Interest is recognized as it is earned over the period of collection. The special assessment and the connection charge fees are generally payable over periods of 10 to 20 years.

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 requirements in accordance with the terms of the outstanding revenue bonds (see Note 3).

Non-operating Revenue

For the year ended June 30, 2011, non-operating revenue represents the reversal of estimated accruals from years prior to July 1, 2010.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 30, 2013.

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 3 – Cash and Cash Equivalents

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, 2012 and June 30, 2011 was restricted in accordance with the terms of various outstanding debt of the SWPCA (see Note 6).

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

	<u>Carrying and Fair Values</u>	
	<u>2012</u>	<u>2011</u>
Cash	\$ 515,420	\$ 470,240
Restricted cash	<u>7,742,365</u>	<u>7,811,039</u>
	<u>\$ 8,257,785</u>	<u>\$ 8,281,279</u>

Note 4 - Special Assessments and Connection Charges Receivable

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

	<u>2012</u>			
	<u>New Sewer Line Charges</u>	<u>Connection Charges</u>	<u>Total</u>	<u>Due Within One Year</u>
Due in the year ending June 30:				
2013	\$ 365,538	\$ 1,038,747	\$ 1,404,285	\$ 1,404,285
2014	209,358	571,095	780,453	-
2015	211,318	552,237	763,555	-
2016	211,780	519,068	730,848	-
2017	212,874	519,085	731,959	-
Thereafter	<u>1,354,617</u>	<u>4,165,331</u>	<u>5,519,947</u>	<u>-</u>
	2,565,486	7,365,562	9,931,048	1,404,285
Less imputed interest	<u>-</u>	<u>(1,308,196)</u>	<u>(1,308,196)</u>	<u>-</u>
Receivable Before Interest and Lien Fees Receivables and Allowance for Doubtful Accounts	<u>\$ 2,565,486</u>	<u>\$ 6,057,366</u>	8,622,852	1,404,285
Plus related interest and lien fees receivable			331,253	331,253
Less allowance for doubtful accounts			<u>(500,000)</u>	<u>(500,000)</u>
Net Special Assessments and Connection Charges Receivable			<u>\$ 8,454,105</u>	<u>\$ 1,235,538</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 4 - Special Assessments and Connection Charges Receivable (Continued)

	2011			
	New Sewer Line Charges	Connection Charges	Total	Due Within One Year
Due in the year ending June 30:				
2012	\$ 361,171	\$ 917,177	\$ 1,278,348	\$ 1,278,348
2013	218,245	531,570	749,815	
2014	214,874	452,371	667,245	-
2015	217,184	430,872	648,056	-
2016	218,274	396,589	614,863	-
Thereafter	<u>1,509,802</u>	<u>3,237,942</u>	<u>4,747,744</u>	<u>-</u>
	2,739,550	5,966,521	8,706,071	1,278,348
Less imputed interest	<u>-</u>	<u>(827,541)</u>	<u>(827,541)</u>	<u>-</u>
Receivable Before Interest and Lien Fees Receivables and Allowance for Doubtful Accounts	<u>\$ 2,739,550</u>	<u>\$ 5,138,980</u>	7,878,530	1,278,348
Plus related interest and lien fees receivable			217,746	217,746
Less allowance for doubtful accounts			<u>(500,000)</u>	<u>(500,000)</u>
Net Special Assessments and Connection Charges Receivable			<u>\$ 7,596,276</u>	<u>\$ 996,094</u>

Note 5 – Capital Assets

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

	2012			
	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,833,278	\$ -	\$ -	\$ 2,833,278
Construction in process	<u>825,007</u>	<u>146,363</u>	<u>-</u>	<u>971,370</u>
Total capital assets, not being depreciated	<u>3,658,285</u>	<u>146,363</u>	<u>-</u>	<u>3,804,648</u>
Capital assets being depreciated				
Sewer and infrastructure	65,637,806	300,264	-	65,938,070
Building and improvements	116,080,368	337,052	-	116,417,420
Equipment	<u>36,111,047</u>	<u>84,094</u>	<u>-</u>	<u>36,195,141</u>
Total capital assets being depreciated	<u>217,829,221</u>	<u>721,410</u>	<u>-</u>	<u>218,550,631</u>
Less accumulated depreciation	<u>70,850,450</u>	<u>5,054,649</u>	<u>-</u>	<u>75,905,099</u>
Total capital assets being depreciated, net	<u>146,978,771</u>	<u>(4,333,239)</u>	<u>-</u>	<u>142,645,532</u>
Capital assets, net	<u>\$ 150,637,056</u>	<u>\$ (4,186,876)</u>	<u>\$ -</u>	<u>\$ 146,450,180</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 5 – Capital Assets (Continued)

	2011			
	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,833,278	\$ -	\$ -	\$ 2,833,278
Construction in process	<u>2,813,917</u>	<u>2,319,424</u>	<u>4,308,334</u>	<u>825,007</u>
Total capital assets, not being depreciated	<u>5,647,195</u>	<u>2,319,424</u>	<u>4,308,334</u>	<u>3,658,285</u>
Capital assets being depreciated				
Sewer and infrastructure	59,934,349	5,703,457	-	65,637,806
Building and improvements	115,470,138	610,230	-	116,080,368
Equipment	<u>36,111,047</u>	<u>-</u>	<u>-</u>	<u>36,111,047</u>
Total capital assets being depreciated	<u>211,515,534</u>	<u>6,313,687</u>	<u>-</u>	<u>217,829,221</u>
Less accumulated depreciation	<u>65,763,541</u>	<u>5,086,909</u>	<u>-</u>	<u>70,850,450</u>
Total capital assets being depreciated, net	<u>145,751,993</u>	<u>1,226,778</u>	<u>-</u>	<u>146,978,771</u>
Capital assets, net	<u>\$ 151,399,188</u>	<u>\$ 3,546,202</u>	<u>\$ 4,308,334</u>	<u>\$ 150,637,056</u>

Note 6 – Restricted Assets

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

	2012	2011
Clean Water Fund - Debt Service Reserve	\$ 4,711,889	\$ 4,652,364
2003 Debt Service Reserve Fund	866,908	840,609
2006 Debt Service Reserve Fund	1,207,352	1,207,299
2003 and 2006 Debt Service Funding Accrual	<u>956,216</u>	<u>1,110,767</u>
	<u>\$ 7,742,365</u>	<u>\$ 7,811,039</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 – Long-Term Obligations

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

	2012				Due Within One Year
	July 1, 2011	Increases	Decreases	June 30, 2012	
Bonds payable					
General obligation bonds	\$ 20,136,388	\$ -	\$ 1,687,234	\$ 18,449,154	\$ 1,743,440
Unamortized premium	54,059	-	6,766	47,293	-
	<u>20,190,447</u>	<u>-</u>	<u>1,694,000</u>	<u>18,496,447</u>	<u>1,743,440</u>
Revenue bonds	28,975,000	-	690,000	28,285,000	715,000
Unamortized premium	76,418	-	16,266	60,152	-
	<u>29,051,418</u>	<u>-</u>	<u>706,266</u>	<u>28,345,152</u>	<u>715,000</u>
Notes payable	<u>57,015,782</u>	<u>-</u>	<u>3,725,045</u>	<u>53,290,737</u>	<u>3,796,603</u>
Total bonds and notes payable	<u>106,257,647</u>	<u>-</u>	<u>6,125,311</u>	<u>100,132,336</u>	<u>6,255,043</u>
Compensated absences	<u>298,107</u>	<u>17,240</u>	<u>-</u>	<u>315,347</u>	<u>32,000</u>
Total	<u>\$ 106,555,754</u>	<u>\$ 17,240</u>	<u>\$ 6,125,311</u>	<u>\$ 100,447,683</u>	<u>\$ 6,287,043</u>
	2011				Due Within One Year
	July 1, 2010	Increases	Decreases	June 30, 2011	
Bonds payable					
General obligation bonds	\$ 21,580,517	\$ 430,000	\$ 1,874,129	\$ 20,136,388	\$ 1,687,234
Unamortized premium	60,825	-	6,766	54,059	-
	<u>21,641,342</u>	<u>430,000</u>	<u>1,880,895</u>	<u>20,190,447</u>	<u>1,687,234</u>
Revenue bonds	29,640,000	-	665,000	28,975,000	690,000
Unamortized premium	92,684	-	16,266	76,418	-
	<u>29,732,684</u>	<u>-</u>	<u>681,266</u>	<u>29,051,418</u>	<u>690,000</u>
Notes payable	<u>60,670,682</u>	<u>-</u>	<u>3,654,900</u>	<u>57,015,782</u>	<u>3,725,044</u>
Total bonds and notes payable	<u>112,044,708</u>	<u>430,000</u>	<u>6,217,061</u>	<u>106,257,647</u>	<u>6,102,278</u>
Compensated absences	<u>308,414</u>	<u>-</u>	<u>10,307</u>	<u>298,107</u>	<u>30,000</u>
Total	<u>\$ 112,353,122</u>	<u>\$ 430,000</u>	<u>\$ 6,227,368</u>	<u>\$ 106,555,754</u>	<u>\$ 6,132,278</u>

STAMFORD WATER POLLUTION CONTROL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 – Long-Term Obligations (Continued)

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 the City's debt.

The SWPCA's allocable portion of the City's general obligation bonds outstanding as of June 30, 2012 consisted of the following:

Purpose	Year of Issue	Original Issue Amounts	Final Maturity	Interest Rates	Balance June 30, 2012	Balance June 30, 2011
Public Improvements	2001	\$ 3,640,000	2012	4.625 %	\$ -	\$ 113,134
Refunding Bonds	2002	2,718,590	2015	5.250 - 5.500	789,565	1,032,027
Refunding Bonds	2003	3,982,952	2016	5.000	2,385,439	2,607,853
Refunding Bonds	2004	1,268,429	2019	3.400 - 5.250	972,654	1,107,529
Public Improvements	2005	3,136,000	2012	3.250 - 4.000	-	179,600
Refunding Bonds	2005	2,247,600	2021	3.750 - 5.000	2,144,800	2,144,800
Refunding Bonds	2008	1,817,639	2015	3.000 - 5.000	660,265	1,040,014
Refunding Bonds	2009	1,073,431	2020	2.500 - 5.000	1,073,431	1,073,431
Public Improvements	2010	10,000,000	2030	2.300 - 5.550	9,585,000	10,000,000
Refunding Bonds	2010	408,000	2023	3.000 - 5.000	408,000	408,000
Refunding Bonds	2011	430,000	2025	2.000 - 4.000	<u>430,000</u>	<u>430,000</u>
Debt Service Requirement					18,449,154	20,136,388
Plus unamortized premium					<u>47,293</u>	<u>54,059</u>
Net Debt Service Requirement					<u>\$ 18,496,447</u>	<u>\$ 20,190,447</u>

Aggregate debt service requirements subsequent to June 30, 2012 are as follows:

	Principal	Interest	Total
2013	\$ 1,743,440	\$ 830,750	\$ 2,574,190
2014	1,771,784	755,382	2,527,166
2015	1,790,158	675,096	2,465,254
2016	1,372,117	606,289	1,978,406
2017	1,212,440	549,318	1,761,758
2018-2022	5,278,215	1,909,495	7,187,710
2023-2027	3,281,000	951,703	4,232,703
2028-2030	<u>2,000,000</u>	<u>167,355</u>	<u>2,167,355</u>
Debt Service Requirement	18,449,154	6,445,388	24,894,542
Plus unamortized premium	<u>47,293</u>	-	<u>47,293</u>
Net Debt Service Requirement	<u>\$ 18,496,447</u>	<u>\$ 6,445,388</u>	<u>\$ 24,941,835</u>

The SWPCA's share of Interest expense incurred on general obligation bonds was \$739,326 and \$689,945 for the years ended June 30, 2012 and 2011.

Note 7 – Long-Term Obligations (Continued)**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>2012</u>	<u>2011</u>
Stamford Water Pollution Control System and Facility Revenue Bonds - 2003. Issued in the aggregate amount of \$12,480,000 revenue bonds in October 2003 at interest rates ranging from 2.0% to 5.0%, 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 premiums of \$30,395 and \$41,448 at June 30, 2012 and 2011.	\$10,375,395	\$10,681,448
Stamford Water Pollution Control System and Facility Revenue Bonds - 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 premiums of \$29,757 and \$34,970 at June 30, 2012 and 2011.	<u>17,969,757</u>	<u>18,369,970</u>
Total revenue bonds payable	28,345,152	29,051,418
Less: current portion	<u>715,000</u>	<u>690,000</u>
Total revenue bonds payable - non-current	<u>\$27,630,152</u>	<u>\$28,361,418</u>

Interest incurred on revenue bonds was \$1,277,984 and \$1,303,252 for the years ended June 30, 2012 and 2011.

Note 7 – Long-Term Obligations (Continued)**Revenue Bonds (Continued)**

Aggregate debt service requirements subsequent to June 30, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 715,000	\$ 1,273,825	\$ 1,988,825
2014	745,000	1,246,175	1,991,175
2015	775,000	1,217,181	1,992,181
2016	805,000	1,186,625	1,991,625
2017	840,000	1,152,331	1,992,331
2018-2022	4,770,000	5,183,883	9,953,883
2023-2027	5,965,000	3,999,677	9,964,677
2028-2032	7,540,000	2,416,844	9,956,844
2033-2037	<u>6,130,000</u>	<u>679,501</u>	<u>6,809,501</u>
Debt Service Requirement	28,285,000	18,356,042	46,641,042
Plus bond premium	<u>60,152</u>	-	<u>60,152</u>
Net Debt Service Requirement	<u>\$ 28,345,152</u>	<u>\$ 18,356,042</u>	<u>\$ 46,701,194</u>

Notes Payable

The City obtained in fiscal years 1996, 1998, and 2001 project loan obligations from the State of Connecticut for various sewer projects of \$2,731,211, \$864,280, \$3,574,208 of which \$330,021, \$198,064, and \$1,587,923 is outstanding as of June 30, 2012. 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 which 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. At June 30, 2012, the outstanding balance on the loan was \$51,174,729

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, 2012 and 2011 the combined loan balances were \$53,290,737 and \$57,015,782.

Interest expense incurred on these notes payables was \$1,106,287 and \$1,180,025 for the years ended June 30, 2012 and 2011.

Note 7 – Long-Term Obligations (Continued)**Notes Payable (continued)**

Aggregate debt service requirements subsequent to June 30, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,796,603	\$ 1,031,132	\$ 4,827,735
2014	3,869,606	954,533	4,824,139
2015	3,864,423	876,859	4,741,282
2016	3,883,503	799,730	4,683,233
2017	3,943,011	721,412	4,664,423
2018-2022	20,369,341	2,395,978	22,765,319
2023-2026	<u>13,564,250</u>	<u>445,365</u>	<u>14,009,615</u>
Net Debt Service requirement	<u>\$53,290,737</u>	<u>\$ 7,225,009</u>	<u>\$60,515,746</u>

Note 8 – Revenue

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

	<u>2012</u>	<u>2011</u>
Sewer use fees	\$ 16,704,578	\$ 15,312,415
Sewer use fees, Town of Darien, CT	1,317,500	1,335,401
Sewer use fees, Aquarion	339,445	262,569
Interest	528,324	332,102
Lien fees	180,420	14,730
Miscellaneous fees	<u>3,000</u>	<u>4,624</u>
	<u>\$ 19,073,267</u>	<u>\$ 17,261,841</u>

Sewer assessments and connection charges is comprised of the following for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Connection charges	\$ 1,877,219	\$ 956,597
Sewer assessments	18,411	1,233,306
Capital reimbursement, Town of Darien, CT	458,716	694,854
Interest	195,832	242,655
Delinquent interest and lien fees	<u>153,098</u>	<u>55,087</u>
	<u>\$ 2,703,276</u>	<u>\$ 3,182,499</u>

Note 9 – 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.

Note 10 – 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 worker's 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, 2012 and 2011, the SWPCA paid the City approximately \$319,000 and \$328,000 to the City's internal service insurance fund.

Note 11 – Employee Retirement Plan

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. Employees become eligible at date of hire and can contribute from 0% to 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.

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 budget purposes only. The City does not account for net pension obligation or assets at the fund level. The City's basic financial statements contain Classified Employee's Retirement Fund activity and funding information as of June 30, 2012 and 2011.

Note 12 – Other Post-Employment Benefits (OPEB)

The City provides post-employment 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 provided on a pay-as-you-go basis. 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, 2011. 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. The SWPCA's share of the contribution was \$198,000 and \$75,121 for the fiscal years 2012 and 2011, respectively.

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

Note 13 – Transactions with the City of Stamford

In the fiscal years 2012 and 2011, the City paid approximately \$221,000 and \$195,000, respectively, in sewer use charges to the SWPCA, and the SWPCA paid the City approximately \$73,000 and \$75,000 for administrative services and approximately \$789,000 and \$760,000 to the City's internal service medical insurance fund.

The City reimbursed the SWPCA \$72,000 and \$71,000 for the City's share of the hurricane barrier maintenance and operations in 2012 and 2011.

In connection with the pooled cash arrangement with the City, the SWPCA incurred interest expense of approximately \$9,700 and \$8,500 on deficit balances during the years ended June 30, 2012 and 2011.

Note 14 – Connecticut Department of Energy & Environmental Protection Violations

The SWPCA was issued a Notice of Violation ("NOV") dated September 10, 2012 by the Connecticut Department of Energy & Environmental Protection ("DEEP") stating that the SWPCA failed to meet regulatory requirements for effluent permit limits, the operation of secondary clarifier and nitrified recycle pumps, bypass prevention, and maintaining a system of user charges that supported the maintenance and replacement of critical components. No failure dates or time periods were specified and no penalties have been levied to date in conjunction with this NOV. The SWPCA is continuing to communicate with DEEP regarding the corrective actions required to address these issues. No adjustments have been made to these financial statements concerning this matter as of June 30, 2012.

SUPPLEMENTAL INFORMATION

STAMFORD WATER POLLUTION CONTROL AUTHORITY

SCHEDULE OF REVENUES - BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Sewer use charges	\$ 17,454,308	\$ 17,454,308	\$ 17,416,322	\$ (37,986)
Contract revenue - Town of Darien, Connecticut	1,600,000	1,600,000	1,317,500	(282,500)
Contract revenue - Aquarion Water Company	190,000	190,000	339,445	149,445
Nitrogen Trading Credit	900,000	900,000	840,778	(59,222)
Fees and other income	<u>591,778</u>	<u>591,778</u>	<u>540,050</u>	<u>(51,728)</u>
Total Operating Revenue	<u>20,736,086</u>	<u>20,736,086</u>	<u>20,454,095</u>	<u>(281,991)</u>
NON-OPERATING REVENUE				
Sewer assessments	1,948,139	1,948,139	1,832,283	(115,856)
Interest income	<u>60,000</u>	<u>60,000</u>	<u>97,752</u>	<u>37,752</u>
Total Non-Operating Revenue	<u>2,008,139</u>	<u>2,008,139</u>	<u>1,930,035</u>	<u>(78,104)</u>
Total Revenues	<u>\$ 22,744,225</u>	<u>\$ 22,744,225</u>	22,384,130	<u>\$ (360,095)</u>
Less interest subsidy			(149,491)	
Additional sewer assessment revenue on a GAAP basis			<u>870,993</u>	
Revenues on a GAAP Basis			<u>\$ 23,105,632</u>	

STAMFORD WATER POLLUTION CONTROL AUTHORITY

SCHEDULE OF OPERATING EXPENSES - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING EXPENSES				
Administration	\$ 3,622,517	\$ 3,445,505	\$ 3,201,996	\$ 243,509
Process control	3,666,571	3,414,643	3,074,308	340,335
Laboratory	476,783	476,802	458,937	17,865
Sludge processing - operating	734,759	843,226	826,846	16,380
Sludge processing - contractual	1,583,400	1,583,400	1,573,374	10,026
Storm water management	113,034	113,309	89,936	23,373
Building maintenance	209,450	230,171	206,965	23,206
Equipment maintenance	645,197	809,608	672,920	136,688
Pump station maintenance	574,882	628,617	541,200	87,417
Sanitary sewer maintenance	230,954	232,506	208,371	24,135
Barrier maintenance	213,200	206,960	138,459	68,501
Billing services	368,134	454,134	450,415	3,719
Total Operating Expenses	12,438,881	12,438,881	11,443,727	995,154
Other Non-Operating Expenses				
Debt service	10,305,344	10,305,344	9,248,908	1,056,436
Total Expenses	\$ 22,744,225	\$ 22,744,225	20,692,635	\$ 2,051,590
Net encumbrances included in budgetary basis and not GAAP basis and other adjustments for GAAP basis			(741,714)	
Provision for doubtful accounts			894,906	
Depreciation			5,054,649	
Principal payments on debt			(6,125,311)	
Expenditures on a GAAP basis			\$ 19,775,165	

Statistical Section

This part of the SWPCA'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 SWPCA's overall financial health.

Contents

Financial Trend

These schedules contain trend information to help the reader understand how the SWPCA's financial performance and well-being have changed over time. 33 - 34

Revenue Capacity

These schedules contain information to help the reader assess the SWPCA's most significant local revenue source, the sewer use charge. 35 - 36

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 37 - 39

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. 40 - 41

Stamford Water Pollution Control Authority

**Financial Trend - Statement of Revenues, Expenses and Changes In Net Assets (000's omitted)
Fiscal Year Ended June 30,**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating Revenues									
Charges for Services	\$ 20,305	\$ 18,504	\$ 18,252	\$ 18,645	\$ 15,996	\$ 15,455	\$ 13,564	\$ 12,015	\$ 11,645
Operating Expenses									
Salaries, benefits and claims	4,573	4,398	4,221	4,068	4,060	3,558	2,866	2,274	2,966
Operations and supplies	6,120	6,799	6,945	6,375	4,757	3,279	4,594	1,937	4,288
Depreciation and amortization	5,055	5,087	6,288	7,106	6,668	6,758	6,821	3,830	2,947
Provision for doubtful accounts	895	375	125	-	-	-	-	-	-
Total Operating Expenses	<u>16,643</u>	<u>16,659</u>	<u>17,579</u>	<u>17,549</u>	<u>15,485</u>	<u>13,595</u>	<u>14,281</u>	<u>8,041</u>	<u>10,201</u>
Net Operating Income (Loss)	<u>3,662</u>	<u>1,845</u>	<u>673</u>	<u>1,096</u>	<u>511</u>	<u>1,860</u>	<u>(717)</u>	<u>3,974</u>	<u>1,444</u>
Non-Operating Revenues (Expenses)									
Special assessments and connection charges	2,703	3,182	2,763	1,738	3,220	1,205	1,039	456	2,527
Provision for doubtful accounts - Special assessments and connection charges	-	(100)	-	-	-	-	-	-	-
Other non-operating revenue	-	1,067	-	-	-	-	-	-	-
Interest income	98	113	104	182	773	792	362	-	-
Interest expense	<u>(3,133)</u>	<u>(3,182)</u>	<u>(3,764)</u>	<u>(4,181)</u>	<u>(4,401)</u>	<u>(4,886)</u>	<u>(1,142)</u>	<u>(2,087)</u>	<u>(2,037)</u>
Total Non-Operating Revenues (Expenses)	<u>(332)</u>	<u>1,080</u>	<u>(897)</u>	<u>(2,261)</u>	<u>(408)</u>	<u>(2,889)</u>	<u>259</u>	<u>(1,631)</u>	<u>490</u>
Capital Grants, Transfers and Special Items									
Capital grants	-	-	-	-	5,643	744	1,247	3,361	7,514
Transfers out	-	-	-	(1,567)	-	-	-	-	-
Special item - impairment of assets	-	-	(2,226)	-	-	-	-	-	-
Total Capital Grants, Transfers and Special Items	<u>-</u>	<u>-</u>	<u>(2,226)</u>	<u>(1,567)</u>	<u>5,643</u>	<u>744</u>	<u>1,247</u>	<u>3,361</u>	<u>7,514</u>
Change in net assets	3,330	2,925	(2,450)	(2,732)	5,746	(285)	789	5,704	9,448
Net assets, beginning	<u>56,163</u>	<u>53,238</u>	<u>55,688</u>	<u>58,420</u>	<u>52,674</u>	<u>52,959</u>	<u>52,170</u>	<u>46,466</u>	<u>37,018</u>
Net assets, ending	<u>\$ 59,493</u>	<u>\$ 56,163</u>	<u>\$ 53,238</u>	<u>\$ 55,688</u>	<u>\$ 58,420</u>	<u>\$ 52,674</u>	<u>\$ 52,959</u>	<u>\$ 52,170</u>	<u>\$ 46,466</u>

Note:

Prior to 2004, data not categorized as shown above.

Stamford Water Pollution Control Authority

**Financial Trend - Net Assets (000's omitted)
Fiscal Year Ended June 30,**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Assets									
Invested in capital assets, net	\$ 46,503	\$ 45,823	\$ 44,774	\$ 47,027	\$ 48,992	\$ 43,246	\$ 40,465	\$ 39,605	\$ 34,419
Restricted for debt service	7,742	7,811	7,677	7,540	3,672	14,959	9,313	7,612	-
Unrestricted	<u>5,248</u>	<u>2,529</u>	<u>787</u>	<u>1,121</u>	<u>5,756</u>	<u>(5,531)</u>	<u>3,181</u>	<u>4,953</u>	<u>12,047</u>
Total Net Assets	<u>\$ 59,493</u>	<u>\$ 56,163</u>	<u>\$ 53,238</u>	<u>\$ 55,688</u>	<u>\$ 58,420</u>	<u>\$ 52,674</u>	<u>\$ 52,959</u>	<u>\$ 52,170</u>	<u>\$ 46,466</u>

Stamford Water Pollution Control Authority

Revenue Capacity - Customer, Consumption & Rate Statistics

Fiscal Year (ended June 30)	Customers	Consumption (CCF)	Annual Consumption Change	Rate per CCF	Annual Rate Change	Average Residential Bill
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
2008	18,572	4,336,336	-8.82%	\$3.03	2.36%	\$339.36
2007	18,510	4,755,682	-5.08%	\$2.96	28.70%	\$330.00
2006	18,428	5,010,172	-7.77%	\$2.30	4.55%	\$285.20
2005	N/A	5,432,112	4.57%	\$2.20	6.80%	\$259.60
2004	N/A	5,194,867	0.95%	\$2.06	7.85%	\$267.80
2003	N/A	5,146,220	-4.84%	\$1.91	8.52%	\$252.12

Notes:

N/A - Number of Customers prior to 2006 not available.

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

Customers as presented reflects residential, commercial and industrial customers.

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

Number of customers reflects number of properties billed.

Stamford Water Pollution Control Authority

**Revenue Capacity - Principal Water Users
Current and Previous Year (as of June 30)**

2012			2011			
Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption	Property Owner	Annual Billed Consumption (100 CCF)	% of Total Consumption	
1	City of Stamford	60,670	1.41%	Stamford Hospital	43,210	1.01%
2	Stamford Hospital	43,988	1.02%	Saint John's Towers	33,220	0.78%
3	Stamford Housing Authority	41,284	0.96%	Hilton Stamford Hotel	31,602	0.74%
4	Rippowam Park Associates LP	38,750	0.90%	Fairfield Bedford LLC	24,760	0.58%
5	Saint John's Towers	37,880	0.88%	Stamford Marriott Hotel	23,122	0.54%
6	Hilton Stamford Hotel	32,402	0.75%	Stamford Town Center	22,194	0.52%
7	Fairfield Bedford LLC	28,920	0.67%	Bayview Towers	21,788	0.51%
8	Stamford Town Center	31,144	0.72%	Hoyt Bedford Apartments	21,468	0.50%
9	Stamford Marriott Hotel	24,318	0.56%	UBS	17,220	0.40%
10	Bayview Towers	23,126	0.54%	Continuing Care Retirement	16,980	0.40%
		<u>362,482</u>	<u>8.40%</u>		<u>255,564</u>	<u>5.97%</u>

Note:

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

Stamford Water Pollution Control Authority

Debt Capacity - Debt Outstanding by Type (000's omitted)

Fiscal Year (ended June 30)	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Number of Customers	Debt Per Customer
2012	\$18,496	\$28,345	\$53,291	\$100,132	19,381	5,167
2011	20,190	29,051	57,016	106,257	19,360	5,488
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
2008	14,920	31,277	67,775	113,972	18,572	6,137
2007	19,678	31,993	71,172	122,843	18,510	6,637
2006	21,899	12,177	77,734	111,810	18,428	6,067
2005	24,422	12,449	71,578	108,449	N/A	N/A
2004	22,408	12,689	61,962	97,059	N/A	N/A
2003	24,192	0	38,112	62,304	N/A	N/A

Notes:

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

N/A - Number of Customers prior to 2006 not available.

Number of customers reflects number of properties billed.

Stamford Water Pollution Control Authority

Debt Service Coverage Ratio - Revenue Bonds (000's omitted)

Fiscal Year (ended June 30)	Operating Revenues plus Special Assessments and Connection Charges	Less - Operating Expenses (excluding Depreciation & Amortization)	Net Available Revenues	Revenue Bonds plus Notes Payable			Coverage
				Debt Service			
				Principal	Interest	Total	
2012	\$23,008	\$11,587	\$11,421	\$4,512	\$2,305	\$6,817	1.68
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
2008	19,217	8,816	10,400	4,345	2,478	6,823	1.52
2007	16,659	6,837	9,823	3,996	2,785	6,781	1.45
2006	14,604	7,460	7,144	586	630	1,216	5.88
2005	12,471	4,211	8,260	577	642	1,219	6.78
2004	14,172	7,253	6,919	334	443	778	8.90

Notes:

Source: City records

Revenue was not pledged until fiscal year 2004

Minimum permitted debt service coverage ratio for Revenue Bonds is 1.15. General Obligation Bonds are excluded from the calculation of this coverage ratio.

For the years 2004, 2005, and 2006, Notes Payable debt service of \$808, \$5,071, and \$11,286 is excluded from the debt service coverage ratio calculation in accordance with the provisions of the underlying agreements.

Stamford Water Pollution Control Authority

Debt Service Coverage Ratio - General Obligation Bonds (000's omitted)

Fiscal Year (ended June 30)	Operating Revenues plus Special Assessments and Connection Charges	Less - Operating Expenses (excluding Depreciation & Amortization)	Net Available Revenues	General Obligation Bonds			
				Debt Service			Coverage
				Principal	Interest	Total	
2012	\$23,008	\$11,587	\$11,421	\$1,743	\$831	\$2,574	4.44
2011	21,686	11,573	10,113	1,687	890	2,577	3.92
2010	21,016	11,292	9,724	1,450	954	2,404	4.05
2009	20,383	10,444	9,939	1,747	632	2,379	4.18
2008	19,217	8,816	10,400	1,687	890	2,577	4.04
2007	16,659	6,837	9,823	1,979	799	2,778	3.54
2006	14,604	7,460	7,144	2,040	859	2,899	2.46
2005	12,471	4,211	8,260	2,131	2,236	4,367	1.89
2004	14,172	7,253	6,919	1,941	1,104	3,046	2.27

Notes:

Source: City records

Minimum permitted debt service coverage ratio for General Obligation Bonds is 1.0.

Stamford Water Pollution Control Authority

Operating Information - Full-Time Equivalent Employees
As of June 30,

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>39</u>	<u>41</u>	<u>42</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>37</u>	<u>38</u>	<u>33</u>

Notes:

Source: City records

Data prior to 2004 not available

Stamford Water Pollution Control Authority

**Operating Information - Capital Asset Statistics by Function/Programs
As of June 30,**

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Treatment Plant										
Pumps and Motors (units)	134	134	134	134	134	134	134	29	29	29
Bioreactor Volume (million gallons per day)	15	15	15	15	15	15	15	5	5	5
Clarifiers (units)	6	6	6	6	6	6	6	5	5	5
Dryer and Pelletizer Equipment (units)	1	1	1	1	1	1	1	-	-	-
Pumping Station										
Wastewater Stations (units)	22	22	22	22	22	22	22	22	22	22
Stormwater Stations (units)	4	4	4	4	4	4	4	4	4	4
Portable Generators (units)	3	3	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewers (miles)	304	304	303	300	300	300	300	300	300	300
Storm sewers (miles)	600	600	600	600	600	600	600	600	157	157
Treatment capacity (million gallons per day)	24	24	24	24	24	24	24	20	20	20