

**WATER POLLUTION CONTROL AUTHORITY
FOR THE CITY OF BRIDGEPORT, CONNECTICUT**

FINANCIAL REPORT

JUNE 30, 2022



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**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
TABLE OF CONTENTS**

Independent Auditors' Report	1-3
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Exhibit

Financial Statements:

I	Statement of Net Position	4
II	Statement of Revenues, Expenses and Changes in Net Position	5
III	Statement of Cash Flows	6
	Notes to Financial Statements	7-14



INDEPENDENT AUDITORS' REPORT

Board of Directors
Water Pollution Control Authority of
The City of Bridgeport, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Water Pollution Control Authority of the City of Bridgeport, Connecticut (the WPCA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the WPCA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the WPCA, as of June 30, 2022, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the WPCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Water Pollution Control Authority of the City of Bridgeport, Connecticut, and do not purport to, and do not, present fairly the financial position of the City of Bridgeport, Connecticut, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WPCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the WPCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the WPCA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WPCA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 27, 2022

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022**

Assets:	
Current:	
Cash and cash equivalents	\$ 4,570,966
Accounts and liens receivable, net of allowances for doubtful accounts of \$5,054,366	9,008,605
Intergovernmental	99,370
Other receivables	1,003,148
Due from other funds	992,707
Prepaid assets	157,810
Total current assets	<u>15,832,606</u>
Noncurrent:	
Capital assets not being depreciated	5,333,139
Capital assets being depreciated, net of depreciation	<u>105,638,497</u>
Total noncurrent assets	<u>110,971,636</u>
Total assets	<u>126,804,242</u>
Liabilities:	
Current:	
Accounts payable and accrued expenses	3,146,116
Accrued interest payable	99,849
Short-term note payable	783,461
Due to other funds of the City of Bridgeport	297,806
Current portion of long-term debt	<u>2,762,824</u>
Total current liabilities	<u>7,090,056</u>
Noncurrent:	
Long-term debt, noncurrent portion	26,868,556
Net OPEB liability	<u>1,429,416</u>
Total noncurrent liabilities	<u>28,297,972</u>
Total liabilities	<u>35,388,028</u>
Net Position:	
Net investment in capital assets	77,748,881
Unrestricted	<u>13,667,333</u>
Total Net Position	<u>\$ 91,416,214</u>

The accompanying notes are an integral part of the financial statements

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Operating Revenues:	
Sewer user fees	\$ 37,809,356
Miscellaneous income	814,435
Total operating revenues	<u>38,623,791</u>
Operating Expenses:	
Operation and maintenance	32,034,622
Depreciation	7,390,397
Total operating expenses	<u>39,425,019</u>
Operating Loss	<u>(801,228)</u>
Nonoperating Revenue (Expense):	
Interest income	2,359
Interest expense	(829,730)
Net nonoperating expense	<u>(827,371)</u>
Loss Before Capital Contributions	(1,628,599)
Capital Contributions	<u>1,955,251</u>
Change in Net Position	326,652
Net Position - Beginning of Year	<u>91,089,562</u>
Net Position - End of Year	<u>\$ 91,416,214</u>

The accompanying notes are an integral part of the financial statements

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 38,512,916
Payments to suppliers	(30,984,773)
Payments to employees	(1,080,634)
Payments for interfund services	(1,758,982)
Net cash provided by operating activities	<u>4,688,527</u>
Cash Flows from Capital and Related Financing Activities:	
Principal payments on debt	(2,704,681)
Interest paid on debt	(980,559)
Proceeds from notes payable	713,759
Proceeds received on capital grants	1,955,251
Purchase of capital assets	(3,758,588)
Net cash used in capital and related financing activities	<u>(4,774,818)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>2,359</u>
Net Decrease in Cash and Cash Equivalents	(83,932)
Cash and Cash Equivalents at Beginning of Year	<u>4,654,898</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,570,966</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (801,228)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	7,390,397
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable and liens receivable	(126,662)
(Increase) decrease in other receivables	15,787
(Increase) decrease in prepaid assets	20,570
Increase (decrease) in accounts payable and accrued expenses	217,241
Increase (decrease) in due to other funds of the City of Bridgeport	(1,758,982)
Increase (decrease) in deferred inflows of resources	
Increase (decrease) in net OPEB liability	<u>(268,596)</u>
Net Cash Provided by Operating Activities	<u>\$ 4,688,527</u>

The accompanying notes are an integral part of the financial statements

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Pursuant to an ordinance approved by the City Council (the Ordinance) of the City of Bridgeport, Connecticut (the City) on April 18, 1988, the Water Pollution Control Authority of the City of Bridgeport, Connecticut (the WPCA) was established, effective July 1, 1988, to operate and maintain the sewage system of the City as a self-sustaining activity. The Ordinance requires the WPCA to adopt its own budget and to be accounted for as a business-type activity of the City. The WPCA is governed by a board of directors consisting of nine members, four of whom are City officials and five of whom are appointed by the Mayor of the City and approved by the City Council. The financial statements present only the Water Pollution Control Authority of the City of Bridgeport, Connecticut, and do not purport to, and do not, present fairly the financial position of the City of Bridgeport, Connecticut, as of June 30, 2022, and the changes in its financial position and its cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Certain operations of the WPCA are conducted by the City and its employees in accordance with an agreement of understanding. This agreement outlines the operating and financial responsibilities of the WPCA and the City and also stipulates the methods by which certain overhead costs incurred by the City for providing these services are to be reimbursed by the WPCA.

B. Basis of Presentation

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

C. Basis of Accounting

The WPCA utilizes the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

D. Cash and Cash Equivalents

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

E. Accounts Receivable, Net

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

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

F. Capital Assets

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

Buildings and improvements	20-50 years
Machinery and Equipment	5-20 years
Distribution and collection systems	5-20 years
Vehicles	5 years

G. Net Other Post Employment Benefits (OPEB) Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. Additional details related to the net OPEB liability are in the City's basic financial statements and are available in a separately issued Annual Comprehensive Financial Report at www.bridgeportct.gov.

H. Compensated Absences

Vacations earned during the year and not taken can be, subject to certain restrictions, carried over to the following fiscal year or partly paid in cash. A liability is accrued for that portion of vacation pay that vests. Unused sick pay is accumulated, subject to certain limitations, for future absences or paid upon death or retirement.

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. Compensated absences are recorded as short-term liabilities.

I. Due to Other Funds of the City of Bridgeport and Self-Insurance

The City's General Fund pays for all expenses on behalf of the WPCA and bills the WPCA monthly for such expenses, as well as for certain overhead costs incurred by the City in connection with the WPCA's operations. The City also makes the principal and interest payments on its outstanding debt, and bills the WPCA for such payments.

The City self-insures for employee health benefits and workers' compensation. The WPCA is charged a premium for health benefits based on rates set by the City. Any underfunding at the City level will result in increased premiums in later years, but is not believed to be material to the WPCA. The WPCA is charged for the workers' compensation claims attributable to its employees based on actual costs. The WPCA recognizes a liability for workers' compensation claims payable and for claims incurred but not reported.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

J. Revenues

Revenues are based on the WPCA authorized minimum charges and rates per hundred cubic feet applied to customer consumption of water. The WPCA accrues an estimate for services delivered but not billed at the end of each accounting period. The WPCA distinguished operating revenues and expenses from nonoperating. Operating revenues result from charges to customers for sewer treatment and related services. Operating expenses include the cost of operations, maintenance, sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating or capital contributions.

Interest is levied on accounts that are 30 days past due. The WPCA has the authority to file liens on past due accounts. The liens are payable second to property taxes upon transfer of the respective properties.

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the WPCA or through external restrictions imposed by creditors, grantors or laws or regulation of other governments. Restricted resources are used first to fund appropriations. The WPCA currently has no assets under restrictions. Unrestricted net position represents all other amounts that don't meet the definition of "net investment in capital assets" or "restricted."

L. Accounting Estimates

The preparation of the basic 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.

2. CASH AND CASH EQUIVALENTS

As of June 30, 2022, cash and cash equivalents, including balances restricted for repayment of principal and interest on state loans and for capital improvements, consist of the following:

Demand accounts	\$	4,570,531
Petty cash		<u>435</u>
	\$	<u>4,570,966</u>

Responsibility for custodial credit risks of deposits rests with the City; accordingly, separate disclosure is not possible. Disclosure of the City's custodial credit risk of deposits is contained in the City's basic financial statements. The City's basic financial statements are available in a separately issued Annual Comprehensive Financial Report at www.bridportct.gov.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 10,706,895	\$ 1,661,489	\$ (7,035,245)	\$ 5,333,139
Capital assets being depreciated:				
Buildings and improvements	122,575,571	141,471		122,717,042
Machinery and equipment	15,781,730	332,871		16,114,601
Distribution and collection systems	110,010,292	8,475,265		118,485,557
Vehicles	3,808,904	178,264		3,987,168
Total capital assets being depreciated	<u>252,176,497</u>	<u>9,127,871</u>	<u>-</u>	<u>261,304,368</u>
Less accumulated depreciation for:				
Buildings and improvements	(95,371,102)	(4,067,380)		(99,438,482)
Machinery and equipment	(14,159,632)	(486,929)		(14,646,561)
Distribution and collection systems	(35,459,927)	(2,610,519)		(38,070,446)
Vehicles	(3,284,813)	(225,569)		(3,510,382)
Total accumulated depreciation	<u>(148,275,474)</u>	<u>(7,390,397)</u>	<u>-</u>	<u>(155,665,871)</u>
Total capital assets being depreciated, net	<u>103,901,023</u>	<u>1,737,474</u>	<u>-</u>	<u>105,638,497</u>
Business-Type Activities Capital Assets, Net	<u>\$ 114,607,918</u>	<u>\$ 3,398,963</u>	<u>\$ (7,035,245)</u>	<u>\$ 110,971,636</u>

Total depreciation expense was \$7,390,397 for the year ended June 30, 2022.

Construction in progress consists primarily of costs for storm and sanitary sewer separation, the planning and building of additional facilities and renovation of filter buildings.

4. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 7,066,104		\$ 317,239	\$ 6,748,865	\$ 371,072
Bond premium	59,835		8,483	51,352	
Total bonds payable	<u>7,125,939</u>		<u>325,722</u>	<u>6,800,217</u>	<u>371,072</u>
Net OPEB liability	1,698,012		268,596	1,429,416	
Clean water notes payable from direct borrowing	21,781,861	3,436,744	2,387,442	22,831,163	2,391,752
Long-Term Liabilities	<u>\$ 30,605,812</u>	<u>\$ 3,436,744</u>	<u>\$ 2,981,760</u>	<u>\$ 31,060,796</u>	<u>\$ 2,762,824</u>

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

General Obligation Bonds and Clean Water Notes Payable at June 30, 2022 consists of the following:

2009 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 2% to 5.7%	\$ 905,786
2011 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 1.68% to 6.388%	211,119
2012 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 3% to 5%	987,392
2016 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 5%	737,402
2017 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 5%	746,312
2018 General Obligation Bonds issued by the city on behalf of the WPCA bearing interest at 5%	1,201,138
2019 General Obligation Bonds issued by the city on behalf of the WPCA bearing interest at 5%	819,716
2020 General Obligation Bonds issued by the city on behalf of the WPCA bearing interest at 5%	<u>1,140,000</u>
Total	<u>\$ 6,748,865</u>
Clean Water Notes Payable from Direct Borrowing:	
State of Connecticut Clean Water Fund Loans, bearing interest at 2%	<u>\$ 22,831,163</u>
Total General Obligation Bonds and Clean Water Notes Payable	<u>\$ 29,580,028</u>

The WPCA does not have the authority to issue debt on its own behalf. All debt issued on behalf of the WPCA is considered debt of the City. The WPCA pays the principal and interest due on its allocable portion of the City's debt.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

The annual debt service requirements relative to the outstanding general obligation bonds at June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 371,072	\$ 334,814	\$ 705,886
2024	391,448	314,801	706,249
2025	420,618	293,356	713,974
2026	435,285	272,246	707,531
2027	455,862	250,092	705,954
2028-2032	2,286,008	882,783	3,168,791
2033-2037	1,570,486	403,718	1,974,204
2038-2042	739,493	72,455	811,948
2043-2047	78,593	9,825	88,418
Total	<u>\$ 6,748,865</u>	<u>\$ 2,834,090</u>	<u>\$ 9,582,955</u>

The annual debt service requirements relative to the outstanding Clean Water Notes Payable at June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,391,752	\$ 434,335	\$ 2,826,087
2024	2,215,199	390,274	2,605,473
2025	2,200,355	344,542	2,544,897
2026	2,124,985	301,126	2,426,111
2027	2,018,923	259,573	2,278,496
2028-2032	7,527,320	764,468	8,291,788
2033-2037	3,562,321	245,205	3,807,526
2038-2042	790,308	29,519	819,827
Total	<u>\$ 22,831,163</u>	<u>\$ 2,769,042</u>	<u>\$ 25,600,205</u>

In addition, the WPCA has short-term notes payable of \$783,461, which were issued for sewer construction. The note carries a 2% interest rate and the principal becomes payable upon the permanent refinancing of the short-term note payable.

5. OTHER POST EMPLOYMENT BENEFITS

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

Disclosure of the OPEB plan is contained in the City's basic financial statements. WPCA reports its share of the OPEB liability of \$1,429,416 and OPEB expense of \$(170,213).

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

6. INTEREST COST

The total interest cost incurred during the year ended June 30, 2022 was \$829,730.

7. RISK MANAGEMENT

The WPCA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The WPCA and the City have implemented a program to account for and finance their uninsured risks of loss. Under this program, the City provides coverage for general liability insurance and employee health insurance, and the WPCA finances its own risks for workers' compensation. The WPCA purchases insurance coverage for its other insurable risks. Settled claims have not exceeded commercial coverage in any of the past three years.

The WPCA makes payments to the City for employee health claims based on actuarial estimates. The WPCA does not share in the exposure for the difference between payments to the City and actual claims paid; thus, no claim liability is reported by the WPCA.

For workers' compensation claims, the WPCA makes payments to the City based on actual claims paid by the City relating to WPCA employees. The WPCA recognizes a liability for workers' compensation claims payable and for claims incurred but not reported. At June 30, 2022, the claim liability is \$7,500.

8. EMPLOYEE BENEFITS

Employees of the WPCA are entitled to certain benefits through the City. These benefits include health care benefits and pension benefits. Information with respect to these benefits is contained in the City's basic financial statements.

9. COMMITMENTS AND CONTINGENCIES

The WPCA is a defendant in various legal actions principally involving property damage and other miscellaneous claims. Based upon the advice of legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial condition or results of operation of the WPCA.

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the WPCA is required to bring both of its treatment facilities in compliance with federal standards and eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements is \$244,000,000. As of June 30, 2022, \$214,255,541 relating to these projects, including capitalized interest, has been incurred and included in property, plant and equipment. Based on current engineering estimates, completion of these projects will be within the next six years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2022, the state is committed to providing the WPCA additional funding in the form of loans and grants of \$1,378,308 and \$1,363,305, respectively.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

10. WPCA AGREEMENTS

On October 8, 2013, the WPCA entered into a 10-year agreement (the Agreement) with a new independent contractor Inframark LLC (the Contactor) to provide operations, maintenance and management services to its two wastewater treatment facilities and collection system. This agreement expires on December 31, 2023, and the City plans to RFP this service program then.

The City has an agreement with the Town of Trumbull, whereby all Trumbull located sewers connect into the Bridgeport WPCA sewer system. Trumbull pays a portion of user fees collected from Trumbull residents to the Bridgeport WPCA at an agreed-upon annual rate.