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WATER POLLUTION CONTROL AUTHORITY FOR THE CITY OF BRIDGEPORT, CONNECTICUT

FINANCIAL REPORT
JUNE 30, 2020

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**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
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Independent Auditors' Report

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

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, 2020, and the related notes to the financial statements, which collectively comprise the WPCA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the WPCA as of June 30, 2020 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Water Pollution Control Authority of the City of Bridgeport, Connecticut, are intended to present the financial position, the changes in financial position and cash flows information of only that portion of the business-type activities of the City of Bridgeport, Connecticut, that is attributable to the transactions of the WPCA. They do not purport to, and do not, present fairly the financial position of the City of Bridgeport, Connecticut, as of June 30, 2020, or the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 23, 2020

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020**

Assets:	
Current:	
Cash and cash equivalents	\$ 4,488,595
Accounts and liens receivable, net of allowances for doubtful accounts of \$5,261,674	8,275,076
Intergovernmental	239,419
Other receivables	2,861,700
Prepaid assets	210,940
Total current assets	<u>16,075,730</u>
Noncurrent:	
Capital assets not being depreciated	6,133,384
Capital assets being depreciated, net of depreciation	109,803,999
Total noncurrent assets	<u>115,937,383</u>
Total assets	<u>132,013,113</u>
Liabilities:	
Current:	
Accounts payable and accrued expenses	3,019,554
Accrued interest payable	175,472
Construction contracts payable	235,751
Short term note payable	2,108,471
Due to other funds of the City of Bridgeport	2,720,429
Current portion of long-term debt	2,527,940
Total current liabilities	<u>10,787,617</u>
Noncurrent:	
Long-term debt, noncurrent portion	28,946,642
Net OPEB liability	2,112,249
Total noncurrent liabilities	<u>31,058,891</u>
Total liabilities	<u>41,846,508</u>
Net Position:	
Net investment in capital assets	82,354,330
Unrestricted	<u>7,812,275</u>
Total Net Position	<u>\$ 90,166,605</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, 2020**

Operating Revenues:	
Sewer user fees	\$ 34,942,966
Miscellaneous income	876,280
Total operating revenues	<u>35,819,246</u>
Operating Expenses:	
Operation and maintenance	30,993,136
Depreciation	8,819,131
Total operating expenses	<u>39,812,267</u>
Operating Loss	<u>(3,993,021)</u>
Nonoperating Revenue (Expense):	
Interest income	12,216
Interest expense	(751,566)
Net nonoperating expense	<u>(739,350)</u>
Loss Before Capital Contributions	(4,732,371)
Capital Contributions	<u>145,393</u>
Change in Net Position	(4,586,978)
Net Position - Beginning of Year	<u>94,753,583</u>
Net Position - End of Year	<u>\$ 90,166,605</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, 2020**

Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 34,652,231
Payments to suppliers	(30,447,944)
Payments to employees	(992,784)
Payments for interfund services used	2,535,912
Net cash provided by operating activities	<u>5,747,415</u>
Cash Flows from Capital and Related Financing Activities:	
Principal payments on debt	(4,029,537)
Interest paid on debt	(678,210)
Proceeds from bonds issued	1,140,000
Proceeds from notes payable	145,393
Proceeds received on capital grants	145,393
Purchase of capital assets	(4,023,837)
Net cash used in capital and related financing activities	<u>(7,300,798)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>12,216</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,541,167)
Cash and Cash Equivalents at Beginning of Year	<u>6,029,762</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,488,595</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating income (loss)	\$ (3,993,021)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	8,819,131
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable and liens receivable	(858,974)
(Increase) decrease in other receivables	(308,041)
(Increase) decrease in prepaid assets	408
Increase (decrease) in accounts payable and accrued expenses	(568,157)
Increase (decrease) in due to other funds of the City of Bridgeport	2,535,912
Increase (decrease) in deferred inflows of resources	(107,177)
Increase (decrease) in net OPEB liability	<u>227,334</u>
Net Cash Provided by Operating Activities	<u>\$ 5,747,415</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, 2020**

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, 2020, 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

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, 2020**

F. Capital Assets

Property, plant and equipment are stated at cost. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. Interest expense incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. 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:

Facilities and improvements	20-50 years
Equipment	5-20 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.

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, 2020**

J. Deferred Inflows of Resources

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

K. 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.

L. 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".

M. 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.

N. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is December 23, 2020.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

2. CASH AND CASH EQUIVALENTS

As of June 30, 2020, 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	\$	4,488,583
Petty cash		<u>12</u>
	\$	<u>4,488,595</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.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 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	\$ <u>4,058,123</u>	\$ <u>2,075,261</u>	\$ <u>-</u>	\$ <u>6,133,384</u>
Capital assets being depreciated:				
Buildings and improvements	120,328,215	961,476	-	121,289,691
Machinery and equipment	14,902,195	497,825	-	15,400,020
Distribution and collection systems	109,253,358	519,127	-	109,772,485
Vehicles	<u>3,486,615</u>	<u>201,426</u>	-	<u>3,688,041</u>
Total capital assets being depreciated	<u>247,970,383</u>	<u>2,179,854</u>	<u>-</u>	<u>250,150,237</u>
Less accumulated depreciation for:				
Buildings and improvements	(85,516,617)	(4,886,339)	-	(90,402,956)
Machinery and equipment	(12,699,198)	(867,358)	-	(13,566,556)
Distribution and collection systems	(30,420,715)	(2,872,114)	-	(33,292,829)
Vehicles	<u>(2,890,577)</u>	<u>(193,320)</u>	-	<u>(3,083,897)</u>
Total accumulated depreciation	<u>(131,527,107)</u>	<u>(8,819,131)</u>	<u>-</u>	<u>(140,346,238)</u>
Total capital assets being depreciated, net	<u>116,443,276</u>	<u>(6,639,277)</u>	<u>-</u>	<u>109,803,999</u>
Business-Type Activities Capital Assets, Net	\$ <u>120,501,399</u>	\$ <u>(4,564,016)</u>	\$ <u>-</u>	\$ <u>115,937,383</u>

Total depreciation expense was \$8,819,131 for the year ended June 30, 2020.

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

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020 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	\$ 6,358,578	\$ 1,140,000	\$ 198,611	\$ 7,299,967	\$ 233,861
Bond premium	106,497		7,822	98,675	
Total bonds payable	<u>6,465,075</u>	<u>1,140,000</u>	<u>206,433</u>	<u>7,398,642</u>	<u>233,861</u>
Net OPEB liability	1,884,915	227,334		2,112,249	
Clean water notes payable	<u>27,906,866</u>		<u>3,830,926</u>	<u>24,075,940</u>	<u>2,294,079</u>
Long-Term Liabilities	<u>\$ 36,256,856</u>	<u>\$ 1,367,334</u>	<u>\$ 4,037,359</u>	<u>\$ 33,586,831</u>	<u>\$ 2,527,940</u>

General Obligation Bonds and Clean Water Notes Payable at June 30, 2020 consists of the following:

2009 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 2% to 5.7%	\$ 1,088,974
2011 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 1.68% to 6.388%	254,873
2012 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 3% to 5%	1,137,759
2016 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 5%	779,134
2017 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 5%	804,227
2018 General Obligation Bonds issued by the city on behalf of the WPCA bearing interest at 5%	1,245,000
2019 General Obligation Bonds issued by the city on behalf of the WPCA bearing interest at 5%	850,000
2020 General Obligation Bonds issued by the city on behalf of the WPCA bearing interest at 5%	<u>1,140,000</u>
Total	<u>\$ 7,299,967</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, 2020**

The annual debt service requirements relative to the outstanding general obligation bonds at June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 233,861	\$ 364,616	\$ 598,477
2022	317,239	351,635	668,874
2023	371,073	334,814	705,887
2024	391,448	314,802	706,250
2025	420,617	293,356	713,973
2026-2030	2,399,672	1,123,835	3,523,507
2031-2035	1,681,311	570,082	2,251,393
2036-2040	1,374,712	177,946	1,552,658
2041-2045	78,595	17,684	96,279
2046-2050	31,439	1,572	33,011
Total	\$ <u>7,299,967</u>	\$ <u>3,550,342</u>	\$ <u>10,850,309</u>

The annual debt service requirements relative to the outstanding Clean Water Notes Payable at June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,294,079	\$ 460,705	\$ 2,754,784
2022	2,229,273	415,897	2,645,170
2023	2,219,197	370,345	2,589,542
2024	2,042,643	329,736	2,372,379
2025	2,027,799	287,454	2,315,253
2026-2030	8,673,789	873,681	9,547,470
2031-2035	3,644,093	260,389	3,904,482
2036-2040	945,067	21,776	966,843
Total	\$ <u>24,075,940</u>	\$ <u>3,019,983</u>	\$ <u>27,095,923</u>

In addition, the WPCA has short-term notes payable of \$2,108,471, 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.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$2,112,249 and OPEB expense of \$213,342.

6. INTEREST COST

The total interest cost incurred during the year ended June 30, 2020 was \$751,566. Of this amount, \$44,261 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities' construction projects.

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, 2020, 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.

**WATER POLLUTION CONTROL AUTHORITY
OF THE CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, \$210,161,604 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, 2020, the State is committed to providing the WPCA additional funding in the form of loans and grants of \$618,965 and \$603,965, respectively.

10. PRIVATIZATION AGREEMENT

On October 8, 2013, the WPCA entered into a ten-year agreement (the Agreement) with a new independent contractor Inframark (the Contractor) to provide operations, maintenance and management services to its two wastewater treatment facilities and collection system. This Agreement took effect on January 1, 2014. The Agreement was amended in 2017 to include a two-year early termination clause should the City seek any regionalization or other restructuring of the wastewater plant and treatment system. The City of Bridgeport and the Town of Trumbull resolved all litigation regarding amounts Trumbull users pay to the Bridgeport WPCA and such rates are billed on that agreed-upon basis.

11. CORONAVIRUS (COVID-19)

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

The WPCA derives a significant portion of its revenues from user fees. While the WPCA has not experienced any significant increase in the amount of delinquency from its user fees, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the WPCA's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.