

# McGladrey & Pullen

Certified Public Accountants

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

### **FINANCIAL REPORT**

**June 30, 2007**

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# McGladrey & Pullen

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the City of Stamford  
Board of Finance  
Stamford Water Pollution Control Authority  
Stamford, Connecticut

We have audited the accompanying financial statements of the Stamford Water Pollution Control Authority (SWPCA), an enterprise fund of the City of Stamford, Connecticut, as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of the SWPCA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Stamford WPCA fund and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut as of June 30, 2007, and the changes in its financial position and its cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stamford Water Pollution Control Authority as of June 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has chosen not to present a Management Discussion and Analysis for the Stamford WPCA that accounting principles generally accepted in the United States of America require to supplement, although not to be a part of the basic financial statements.

In accordance with "Government Auditing Standards," we have also issued our report dated November 30, 2007 on our consideration of the Stamford Water Pollution Control Authority'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards," and should be considered in assessing the results of our audit.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
November 30, 2007

## **Financial Statements**

# STAMFORD WATER POLLUTION CONTROL AUTHORITY

## STATEMENT OF NET ASSETS

June 30, 2007

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### ASSETS

#### Current Assets

Cash	\$ 3,400,000
Usage receivable, net of allowance for doubtful accounts \$500,000	2,953,427
Other receivable	503,162
<b>Total current assets</b>	<b>6,856,589</b>

#### Noncurrent Assets

##### Capital assets:

Land	2,833,278
Sewer and infrastructure	55,649,102
Building and improvements	63,929,065
Equipment	69,269,120
Construction in progress	13,594,681
	<u>205,275,246</u>
Less accumulated depreciation	47,620,688
	<u>157,654,558</u>

Restricted assets - cash	14,958,556
Special assessments, net of allowance for doubtful accounts \$400,000	3,830,037

**Total noncurrent assets** 176,443,151

**Total assets** 183,299,740

### LIABILITIES

#### Current Liabilities

Accounts payable	894,252
Accrued liabilities	2,563,359
Current maturities of general obligation bonds	2,579,080
Current maturities on notes payable	3,396,269
Due to other funds	6,584,855
<b>Total current liabilities</b>	<b>16,017,815</b>

#### Noncurrent Liabilities

General obligation bonds (net of unamortized discount)	46,789,492
Notes payable	67,775,578
Other noncurrent liabilities	43,172
<b>Total noncurrent liabilities</b>	<b>114,608,242</b>

**Total liabilities** 130,626,057

### NET ASSETS

Invested in capital assets, net of related debt	43,245,983
Restricted	14,958,556
Unrestricted	(5,530,856)
<b>Total net assets</b>	<b>\$ 52,673,683</b>

See Notes to Financial Statements.

# STAMFORD WATER POLLUTION CONTROL AUTHORITY

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

For the Year Ended June 30, 2007

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### Operating Revenues

Charges for services	\$ 15,454,711
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### Operating Expenses

Salaries, benefits and claims	3,557,855
Operations and supplies	3,278,956
Depreciation and amortization	6,758,207
<b>Total operating expenses</b>	<b>13,595,018</b>

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<b>Net operating income</b>	<b>1,859,693</b>
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### Nonoperating Revenue (Expense)

Interest income	791,625
Interest expense	(4,885,754)
<b>Total nonoperating revenue (expenses)</b>	<b>(4,094,129)</b>

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### Capital Contributions

Capital grants	743,567
Special assessments	1,204,777
	<b>1,948,344</b>

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<b>Change in net assets</b>	<b>(286,092)</b>
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Net assets, beginning	52,959,775
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Net assets, ending	<u><u>\$ 52,673,683</u></u>
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See Notes to Financial Statements.

# STAMFORD WATER POLLUTION CONTROL AUTHORITY

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2006

<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 17,747,426
Payments to suppliers	(2,323,576)
Payments to employees	(3,557,855)
<b>Net cash provided by operating activities</b>	<u>11,865,995</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal payments on debt	(8,527,369)
Interest paid on debt	(4,885,754)
Bond proceeds	19,765,000
Purchase of property and equipment	(14,802,164)
Subsidy from State and Federal government	743,567
Due to/from other funds	3,057,886
Special assessment proceeds	1,036,740
<b>Net cash (used in) capital and related financing activities</b>	<u>(3,612,094)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	791,625
<b>Net cash provided by investing activities</b>	<u>791,625</u>
<b>Net increase in cash and cash equivalents</b>	9,045,526
<b>Cash and Cash Equivalents</b>	
Beginning	<u>9,313,030</u>
Ending	<u>\$ 18,358,556</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 1,859,693
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,758,207
Changes in assets and liabilities:	
Decrease in accounts receivable	2,339,751
Increase in accrued expenses and accounts payable	955,380
Decrease in deferred revenues	(47,036)
<b>Net cash provided by operating activities</b>	<u>\$ 11,865,995</u>

See Notes to Financial Statements.

# STAMFORD WATER POLLUTION CONTROL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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

#### Reporting entity

Article III, Ordinance Number 836, adopted October 6, 1997, created the Stamford Water Pollution Control Authority (SWPCA) to operate the Water Pollution Control Facility, sanitary sewage system, pumping stations and hurricane barrier pumping stations for the City of Stamford (the "City"). It is independent in terms of its relationship to other City functions and is reported as a business-type activity in the City's basic financial statements. Its operations are financed through direct charges to the user of the service. The financial statements present only the Stamford WPCA fund and do not purport to, and do not, present fairly the financial position of the City of Stamford, Connecticut as of June 30, 2007, and the changes in its financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Significant accounting policies are as follows:

#### Basis of accounting

The SWPCA utilizes the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when a liability is incurred.

#### Accounting estimates

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

#### Cash and cash equivalents

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

#### Accounts receivable

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

# STAMFORD WATER POLLUTION CONTROL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

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### Capital assets

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

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

The SWPCA capitalizes interest during the period of construction.

### Compensated absences

Under terms of the bargaining unit agreements, employees are awarded vacation on July 1 of each year based on years of service, and can accumulate up to 45-60 days of unused vacation, depending upon their specific union contract. Employees are also allowed sick leave, which is earned monthly, and can accumulate up to 150 days. Upon termination of employment without eligibility for retirement, each employee is paid for unused vacation and 50 percent of unused sick leave up to 75 days.

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

### Revenues

#### Operating Revenue

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

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

#### Capital Contributions

Special assessments are fees assessed by the SWPCA for new sewer lines and for new connections to existing sewer lines in residences and commercial businesses. The assessments and the connection fees charged are payable over a 10-15 year period. Interest on the assessment

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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fees is charged at an annual set rate by the SWPCA. State and federal capital grants are recognized when eligibility requirements are met.

Proprietary fund accounting

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

Net assets

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

**Note 2. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2007:

	<u>Carrying and Fair Values</u>
Cash	\$ 3,400,000
Restricted cash	<u>14,958,556</u>
	<u>\$ 18,358,556</u>

Responsibility for custodial credit risk of deposits rests with the City; accordingly, separate disclosure is not possible. The notes of the City's comprehensive annual financial report should be read to determine the City's custodial credit risk of deposits. The restricted cash balance at June 30, 2007 is restricted for Clean Water Fund debt service reserve fund.

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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**Note 3. Capital Assets**

A summary of capital assets as of June 30, 2007 is as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,833,278	\$ -	\$ -	\$ 2,833,278
Construction in process	2,725,763	10,805,314	63,604	13,594,681
Total capital assets, not being depreciated	<u>5,559,041</u>	<u>10,805,314</u>	<u>63,604</u>	<u>16,427,959</u>
Capital assets being depreciated:				
Sewer and infrastructure	55,196,138	452,964	-	55,649,102
Building and improvements	60,468,665	3,460,400	-	63,929,065
Equipment	69,232,724	100,000	(63,604)	69,269,120
Total capital assets being depreciated	<u>184,897,527</u>	<u>4,013,364</u>	<u>(63,604)</u>	<u>188,847,287</u>
Less accumulated depreciation	<u>40,882,786</u>	<u>6,737,902</u>	<u>-</u>	<u>47,620,688</u>
Net capital assets	<u>\$ 149,573,782</u>	<u>\$ 8,080,776</u>	<u>\$ -</u>	<u>\$ 157,654,558</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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**Note 4. Long-Term Obligations**

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 19,415,601	\$ -	\$ 2,039,625	\$ 17,375,976	\$ 1,979,080
Clean water fund revenue bonds, plus unamortized original issue premium	12,177,331	20,098,446	283,181	31,992,596	600,000
Notes payable	77,734,709	-	6,562,862	71,171,847	3,396,269
<b>Total bonds and     notes payable</b>	<b>109,327,641</b>	<b>20,098,446</b>	<b>8,885,668</b>	<b>120,540,419</b>	<b>5,975,349</b>
Compensated absences	274,416	-	18,763	255,653	38,348
Self-insurance	43,172	-	-	43,172	6,476
<b>Total other long-     term obligations</b>	<b>317,588</b>	<b>-</b>	<b>18,763</b>	<b>298,825</b>	<b>44,824</b>
<b>Total</b>	<b>\$ 109,645,229</b>	<b>\$ 20,098,446</b>	<b>\$ 8,904,431</b>	<b>\$ 120,839,244</b>	<b>\$ 6,020,173</b>

General obligation bonds

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

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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The SWPCA's allocable portion of general obligation bonds outstanding as of June 30, 2007 consisted of the following:

Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Balance June 30, 2007
January 1990	6.0 - 7.75	\$ 8,007,000	2001 - 2010	\$ 4,603,957
February 1998	4.1 - 5.25	10,295,000	2001 - 2018	358,323
June 1999	3.5-5.0	2,105,000	2001 - 2018	969,441
April 2001	4.0-5.0	3,640,000	2002 - 2020	1,487,318
April 2003	2.0-5.25	3,982,952	2003- 2015	3,010,944
November 2003	2.5 to 4.5	2,660,000	2004 - 2023	2,456,167
November 2003	2.0 to 5.25	2,027,600	2004 - 2018	1,922,100
September 2003	2.5 to 4.25	3,136,000	2005 - 2024	2,567,726
				<u>\$ 17,375,976</u>

Aggregate debt service requirements subsequent to June 30, 2007 are as follows:

	Principal	Interest	Total
2008	\$ 1,979,080	\$ 798,698	\$ 2,777,778
2009	1,973,388	710,499	2,683,887
2010	1,854,810	512,672	2,367,482
2011	1,476,043	518,101	1,994,144
2012-2016	6,357,919	1,655,098	8,013,017
2017-2023	3,190,736	433,796	3,624,532
2024-2025	544,000	46,138	590,138
Total	<u>\$ 17,375,976</u>	<u>\$ 4,675,002</u>	<u>\$ 22,050,978</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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Bonds payable

WPCA revenue bonds outstanding as of June 30, 2007 consisted of the following:

Stamford Water Pollution Control System and Facility Revenue Bonds - Series 2003. Issued in the aggregate amount of \$12,480,000 revenue bonds in October 2003 at interest rates ranging from 2.0% to 5.00%, due annually, on November 1. Interest is payable monthly, with principal maturity paid from July 2002 through July 2032. The aggregate new amount includes unamortized premium of \$174,456 at June 30, 2007.	\$ 11,914,456
Stamford Water Pollution Control System and Facility Revenue Bonds - Series 2006. Issued in the aggregate amount of \$19,765,000 revenue bonds in September 2006 at interest rates ranging from 3.4% to 4.75%, due annually, on March 15 and September 15. Interest is payable monthly, with principal maturity paid from September 2007 through September 2036. The aggregate net amount includes an unamortized premium of \$313,140 at June 30, 2007.	<u>20,078,140</u>
Total revenue bonds payable	31,992,596
Less: current portion	<u>(600,000)</u>
Total revenue bonds payable - non-current	<u>\$ 31,392,596</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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Debt service requirements - revenue bonds

Aggregate debt service requirements subsequent to June 30, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 600,000	\$ 1,392,163	\$ 1,992,163
2009	620,000	1,371,775	1,991,775
2010	645,000	1,349,900	1,994,900
2011	665,000	1,325,575	1,990,575
2012-2016	3,730,000	6,223,863	9,953,863
2017-2021	4,570,000	5,385,278	9,955,278
2022-2026	5,700,000	4,261,208	9,961,208
2027-2031	7,190,000	2,772,931	9,962,931
2032-2033	7,785,000	1,012,819	8,797,819
Debt Service requirement	<u>31,505,000</u>	<u>25,095,512</u>	<u>56,600,512</u>
Plus bond premium	487,596	-	487,596
Net Debt Service requirement	<u>\$ 31,992,596</u>	<u>\$ 25,095,512</u>	<u>\$ 57,088,108</u>

Notes payable

The SWPCA has loans from the State of Connecticut for various sewer projects. The SWPCA has completed a \$105 million dollar upgrade of the waste water treatment facility. The project was also funded through grants and a local share. The loans bear interest at 2%. The loans are payable in monthly installments ranging from approximately \$3,601 to \$368,000 through August 2025, plus accrued interest. As of June 30, 2007 the combined loans' balance is \$71,171,847.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2008	\$ 3,396,269	\$ 1,393,024	\$ 4,789,293
2009	3,518,750	1,323,367	4,842,117
2010	3,586,146	1,252,376	4,838,522
2011	3,654,901	1,180,025	4,834,926
2012-2016	19,139,180	4,768,542	23,907,722
2017-2021	20,204,189	2,801,464	23,005,653
2022-2025	16,936,905	759,452	17,696,357
2026-2027	735,507	1,839	737,346
Total	<u>\$ 71,171,847</u>	<u>\$ 13,480,089</u>	<u>\$ 84,651,936</u>

**STAMFORD WATER POLLUTION CONTROL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2007**

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**Note 5. Commitments and Contingencies**

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

**Note 6. Risk Management**

The City is exposed to various risks of loss related to torts, theft or impairment to assets, errors and omissions, injury to employees, employee health insurance, and natural disasters.

The City is self-insured per claim for up to \$250,000 with an aggregate limit of \$750,000 for general and auto liability, \$1,500,000 for workers' compensation, \$100,000 for public officials' liability and \$100,000 for property losses. The City purchases commercial insurance for claims in excess of these retentions. Costs associated with these risks are reported in the insurance internal service fund in addition to claims incurred but not reported. The SWPCA is charged by the City for its share of premium cost and claims. Settled claims have not exceeded commercial coverage in any of the past three years.

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2007	\$ 318,000	\$ 633,000	\$ 628,000	\$ 313,000
2006	\$ 300,000	\$ 646,000	\$ 628,000	\$ 318,000

**Note 7. Employee Retirement Plan**

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

As of June 30, 2007, the City contributed \$190,000.

Information with respect to the pension plan's net assets are contained in the City's basic financial statements.

## STAMFORD WATER POLLUTION CONTROL AUTHORITY

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

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#### **Note 8. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007 that have effective dates that may impact future financial presentations.

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

- ◆ GASB Statement Number 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,” issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits, expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.
- ◆ GASB Statement Number 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,” issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.
- ◆ GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations, issued December 1, 2006, will be effective for the City beginning with its fiscal year June 30, 2008 but the liability should be measured at July 1, 2007 so that beginning net assets can be restated. This Statement identifies the circumstances under which a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted, if the pollution poses an imminent danger to the public or the environment, if the government has violated a pollution prevention permit or license, if the government has been named as a responsible party for cleaning up the pollution, if the government began to clean up the pollution, and if the government is named in a lawsuit. In addition, it provides disclosure information about their pollution obligations associated with clean up efforts.
- ◆ GASB Statement No. 50, “Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27,” issued May, 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by the

## STAMFORD WATER POLLUTION CONTROL AUTHORITY

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

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Statement amend applicable note disclosure and RSI requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 27, "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement is effective for period beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.

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