



Woodridge Lake Sewer District

113 Brush Hill Road
PO Box 258
Goshen, CT 06756

May 4, 2018

Subject: Proposed Woodridge Lake Sewer District Budget 2018/2019

To All Woodridge Lake Sewer District Taxpayers:

Recommendation: The Board recommends no change in the mil rate for the upcoming year beginning July 1, 2018, as the District operating, and project budgets are expected to be within reasonable levels as per the attachment. The tax revenue at 4.30 mil rate will raise \$1,124,577 ad valorem based on the assessed value of the grand list of \$259,971,350. The Board recommends a balanced budget of \$1,176,477 consisting of Operating expenses of \$823,347 and Transfer to Capital Reserves of \$328,358.

This recommendation also provides for \$1,510,400 of capital funding to begin the construction of improvements to and extensions of the District's wastewater treatment system to connect with the Torrington wastewater treatment facility.

The Board is mindful that our treatment plant is 48 years old and well beyond its normal useful life, and that unexpected repairs are possible at any time. It remains the Board's judgment that until we have completed the project we should make every effort to minimize tax increases by the judicious use of preventative maintenance and cost-effective solutions to issues that arise during 2018/2019.

2017/2018 Revenue and Expense Overview: Our 2017/2018 budget provided that our assessment and other revenues were sufficient to pay for operating expenditures of \$839,690 and for a transfer to our capital reserves of \$202,924 for future capital projects. Based on our current projections for this fiscal year, our operating expenses will be higher than budget primarily because of the extra legal expenses of \$54,000 needed to defend our proposed sewer pipeline right of way over the objections of the Torrington Water Company, plus \$28,000 of unanticipated repair expenses. On the other hand, because the pipeline construction was not initiated, the construction loan was not drawn upon resulting in an offsetting reduction in interest payments of \$38,000. The net impact is a reduction in our projected transfer to capital reserves of about \$41,000 to \$162,000.

The capital project budget ending June 30th, 2018 is projected to be under plan by more than \$3,000,000 because the pipeline construction project was not initiated. Within this underspend, there was a total of \$162,000 (\$62,000 above budget) spent on redesigns of the pipeline system in support of our Torrington WPCA application. There were also unbudgeted capital projects; \$88,000 on emergency pipe repair, \$83,000 for a 150KVA standby generator, and \$24,000 on a replacement pickup truck.

We are projecting an ending Fund Balance of about \$334,000 on June 30, 2018. We had planned a \$400,000 Fund Balance, which included a \$3,163,000 draw down of the construction loan.

For more detailed financial information for 2017/2018, please review the enclosed material, which reflects the budget and forecasts for expenditures for the year ending June 30, 2018.

2018/2019 Activities and Budget: In the coming year, operating expenses are budgeted to be reduced by about \$16,000 from last year's budgeted levels due to a reduction in personnel and other costs partially offset by an increase in professional, legal, and accounting fees. No major upgrades to the existing plant are anticipated. We will, of course, be performing necessary maintenance while in this "status quo" mode. We are continuing our annual inspection and repair program to maintain the integrity of our collection system piping and related infrastructure.

This plan anticipates that we will be able to put in place the necessary inter municipal agreement with the City of Torrington to begin construction of the pipeline to Torrington's wastewater facility in the spring of 2019.

For more detailed financial information for 2018/2019, please review the enclosed material, which reflects the plan for expenditures for the year ending June 30, 2019.

Budget Meeting and Approval: The budget vote is scheduled for Saturday, May 26, 2018 at 10:00 AM or immediately following the Woodridge Lake Property Owners' Association Board meeting at Clubhouse, 260 East Hyerdale Drive, Goshen, Connecticut.

Please plan to attend.

WLSD Board

WLSD 2018/2019 Proposed Budget Summary
As of March 31, 2018

	2017/2018	2017/2018	2018/2019	Budget to Budget
		Projected	Proposed	Variance
Description	Budget	Forecast	Budget	2018/2019 - 2017/2018 Fav (UnFav)
<u>Operating Budget</u>				
Revenues				
Sewer assessment taxation	\$1,057,421	\$1,059,684	\$1,124,577	\$67,156
Investment Income	\$2,000	\$5,159	\$2,100	\$100
Other Income	\$37,000	\$42,571	\$45,400	\$8,400
Sewer permit fees & connection Charge	\$3,500	\$4,393	\$4,400	\$900
Total revenue	\$1,099,921	\$1,111,807	\$1,176,477	\$76,556
Expenditures				
Personnel	(\$463,218)	(\$484,897)	(\$416,947)	\$46,271
Power & heat	(\$81,000)	(\$84,117)	(\$88,500)	(\$7,500)
Plant & collection system maintenance	(\$68,500)	(\$96,267)	(\$80,000)	(\$11,500)
Other expense	(\$60,500)	(\$52,182)	(\$40,600)	\$19,900
Office lease and other expense	(\$16,100)	(\$15,176)	(\$17,200)	(\$1,100)
Insurance	(\$74,114)	(\$67,509)	(\$76,800)	(\$2,686)
Prof-Legal & Acctg & Computer	(\$76,258)	(\$130,500)	(\$103,300)	(\$27,042)
Total expenditures	(\$839,690)	(\$930,648)	(\$823,347)	\$16,343
<u>Debt Service</u>				
Principal	(\$9,905)	(\$9,634)	(\$9,911)	(\$6)
Interest	(\$57,307)	(\$19,453)	(\$24,772)	\$32,535
Total Debt Service	(\$67,211)	(\$29,087)	(\$34,682)	\$32,529
Available to Transfer to Capital Fund	\$202,924	\$161,706	\$328,358	\$125,434
<u>Capital Outlay</u>				
Expenditures				
Torrington Transfer Pipeline - Administrative and Legal Expenses (Connection Fee, Legal Fees)	\$0	\$0	\$0	\$0
Torrington Transfer Pipeline - Architectural and Engineering Fees (Engineering Design)	(\$100,000)	(\$162,009)	(\$60,000)	\$40,000
Torrington Transfer Pipeline - Architectural and Engineering Fees (Construction Engineering)	(\$246,000)	(\$30,000)	(\$93,000)	\$153,000
Torrington Transfer Pipeline - Construction	(\$3,050,000)	(\$15,265)	(\$1,050,000)	\$2,000,000
Collection System Flow Monitoring	(\$40,000)	(\$40,000)	(\$40,000)	\$0
Clean & TV 4 Miles of Collection System	(\$42,240)	(\$86,046)	(\$40,000)	\$2,240
Repair 4 Miles of Collection System	(\$100,000)	(\$1,350)	(\$100,000)	\$0
Nondestructive Sonar Testing of Plant PS Force Main	na	na	(\$50,000)	na
Snow Plow & Sanding Equipment	na	na	(\$9,900)	na
Wet Well Repairs - 5 & 7	na	na	(\$40,000)	na
Pump Reroof 6 & 9	na	na	(\$7,500)	na
Flow Meter - 6	na	na	(\$20,000)	na
Emergency pipe repair- Canterbury	\$0	(\$88,226)		na
Standby Generator 150 KVA	\$0	(\$82,790)		na
2018 F350 Truck	\$0	(\$23,820)		na
Total Expenditures	(\$3,578,240)	(\$529,504)	(\$1,510,400)	\$2,067,840
Excess (Deficiency) of revenues over expenditures	(\$3,385,220)	(\$377,432)	(\$1,191,953)	\$2,193,268
<u>Cash Flow</u>				
Starting Cash Balance	\$622,130	\$699,848	\$333,568	(\$288,562)
Taxes Collected	\$1,051,921	\$1,045,033	\$1,116,210	\$64,289
Expenses	(\$896,997)	(\$911,902)	(\$823,347)	\$73,649
Debt Service	\$0	(\$29,087)	(\$34,682)	(\$34,682)
Capital Expense	(\$3,588,145)	(\$529,504)	(\$1,510,400)	\$2,077,745
Capital Income (Loan Drawdown, etc.)	\$3,163,091	\$0	\$1,260,052	(\$1,903,039)
Other Income	\$48,000	\$59,179	\$58,600	\$10,600
Ending Fund Balance	\$400,000	\$333,568	\$400,000	(\$0)

Note: Negative numbers are cash flow out