



Woodridge Lake Sewer District

113 Brush Hill Road
PO Box 258
Goshen, CT 06756

April 19, 2021

Subject: Proposed Woodridge Lake Sewer District Budget 2021/2022

To All Woodridge Lake Sewer District Taxpayers:

Recommendation:

- The Board recommends maintaining the mil rate at 4.7 for the upcoming year beginning July 1, 2021. The District's budget is focused on maintaining the collection system, repairing the plant's infrastructure and improving operating efficiency.

At this time, the District is not planning further work on the design of the pipeline connecting to Litchfield's wastewater treatment facility pending DEEP's review of the plans with Litchfield's governing bodies. If this project moves forward, the District will submit a financial plan for taxpayers to authorize funding before the project is initiated.

- The tax revenue at 4.7 mil rate will raise \$1,240,530 based on the assessed value of the grand list of \$263,942,640.
- The Board recommends a balanced budget of \$1,299,030 consisting of Operating expenses of \$838,294 and a transfer to Capital of \$441,845. The plant is 50 years old and well beyond its normal useful life and unexpected repairs are virtually certain at any time.

The Board's judgment is that until DEEP approves the pipeline 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 2021/2022.

2020/2021 Revenue and Expense Overview: Our 2020/2021 budget provided that our assessment and other revenues were sufficient to pay for operating expenditures of \$994,476, debt service of \$14,828 and for a transfer to our capital reserves of \$299,463 for future capital needs. Based on our current projections for this fiscal year, our income will be \$1,298,279, which is above budget by about \$2,361. Our projected operating expenses of \$994,476 will be higher than the budget of \$792,180 primarily because of the increased \$ 221,299 in repairs and maintenance of the plant and collection system. As the pipeline project was not initiated, the construction loan was not drawn upon resulting in a reduction in interest payments of \$ 24,202. The net impact is a decrease in our projected transfer to capital reserves of about \$175,441 to \$299,463.

The Board is projecting an ending Fund Balance of about \$415,830 on June 30, 2021. For more detailed financial information for 2020/2021, please review the enclosed material, which reflects the budget and forecasts for expenditures for the year ending June 30, 2021.

2021/2022 Activities and Budget: In the coming year, operating expenses are budgeted to be \$838,294 plus debt service of \$18,296, and a transfer to Capital Reserves of \$441,845. The increase in operating expenses is primarily the result increasing repairs to the collection system and plant equipment. There are no planned upgrades to the plant as we await DEEP's guidance.

We are continuing our maintenance and repairs of the collection system after inspection via CCTV of 4 miles of the pipeline to identify needed repairs to prevent infiltration. The project was suspended this past year due to COVID. In the prior year, the approved budget was \$100,000 and this coming budget year another \$100,000 for launching the project.

Additionally, we included \$45,000 for a new truck.

We have not included proposed capital spending on the pipeline project pending DEEP's recommendation. The Board will need to call a Special Taxpayer Meeting to gain approval to fund the pipeline project when appropriate.

For more detailed financial information for 2021/2022, please review the enclosed material, which reflects the plan for expenditures for the year ending June 30, 2022.

Litigation: Welte Group Ad Valorem Update: Since 2017, the District's Board has been having discussions with a group of 26 lakefront owners, the "Welte Group", regarding the Ad Valorem method of funding the Sewer District and the Sewer Authority's operations. Their position has been that the District violates statutes, practices, and guidelines in utilizing the Ad Valorem method. On May 16, 2018, we received a formal letter requiring us to engage legal counsel in responding to their suit. Since then, the group has served us with a civil summons filed in Superior Court. We have countered with motions to dismiss. We have received a plaintiff motion for summary judgment, and as of March 9th, we filed an objection to the Welte Group's cross-motion for a summary judgment. Currently, the board has spent a significant amount of time and funds (over \$70,000) in asserting our position. In this year's budget we allocated an additional \$30,000. Our next step is an appearance before the court at a date yet to be established.

Budget Meeting and Approval: The budget vote had been scheduled for Tuesday May 18, 2021 commencing at 3PM via Zoom as a result of the Governor's COVID-19 Executive Order 71 Sections 12 & 13 (<https://portal.ct.gov/-/media/Office-of-the-Governor/Executive-Orders/Lamont-Executive-Orders/Executive-Order-No-71.pdf>). In accordance with the Executive Order, this letter, which will also be posted on our website, notifies you of the budget proposed to be approved by the Board. Please send any public comments on this budget proposal to: board@wlsd-goshen.org or use the "Contact Us" section of our website (<http://www.wlsd-goshen.org/Topics/Topic.cfm?TopicName=Contact%20Us>). If there are further changes by the government we will notify you accordingly.

WLSD Board

WLSD 2021-2022
Proposed Budget Summary
As of March 31, 2021

Description	2020/2021 Budget	2020/2021 Projected Forecast	2021/2022 Proposed Budget	Budget to Budget Variance 2021/2022-2020/2021 Fav (UnFav)
<u>Operating Budget</u>				
Revenues				
Sewer assessment taxation	\$1,241,418	\$1,241,218	\$1,247,230	\$5,812
Investment Income	\$3,000	\$282	\$300	\$2,700
Other Income	\$48,000	\$47,952	\$48,000	\$0
Sewer permit fees & connection Charge	\$3,500	\$8,826	\$3,500	\$0
Total revenue	\$1,295,918	\$1,298,279	\$1,299,030	\$3,112
Expenditures				
Personnel	\$421,000	\$395,220	\$393,094	\$27,907
Power & heat	\$93,700	\$91,522	\$93,700	\$0
Plant & collection system maintenance	\$98,900	\$306,455	\$172,500	\$73,600
Other expense	\$45,480	\$65,785	\$44,400	\$1,080
Office lease and other expense	\$18,400	\$16,979	\$12,100	\$6,300
Insurance	\$65,100	\$59,424	\$73,500	\$8,400
Prof-Legal & Acctg & Computer	\$49,600	\$59,091	\$49,000	\$600
Total expenditures	\$792,180	\$994,476	\$838,294	\$46,114
<u>Debt Service</u>				
Principal	\$10,196	\$10,489	\$10,196	\$0
Interest	\$28,834	\$4,340	\$18,891	\$9,943
Total Debt Service	\$39,030	\$14,828	\$29,087	\$9,943
Available to Transfer to Capital Fund	\$474,904	\$299,463	\$441,845	\$33,059
<u>Capital Outlay</u>				
Expenditures				
Clean & TV 4 miles of Coll Sys	\$40,000	\$0	\$0	\$40,000
Repair 4 miles of Coll Sys	\$100,000	\$221,299	\$200,000	\$100,000
Litch Pipeline - Design Phase	\$2,080,560	\$0	\$0	\$2,080,560
Vehicle Replacement	\$0	\$0	\$45,000	\$45,000
Misc Capital	\$25,000	\$6,250	\$0	\$25,000
Total Expenditures	\$2,245,560	\$227,549	\$245,000	\$2,000,560
Excess (Deficiency) of revenues over expenditures	\$1,780,852	\$61,425	\$186,650	\$1,967,501