

**WOODRIDGE LAKE SEWER DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2011**

**DeLeo  
& Company**

**Certified Public Accountants**

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**WOODRIDGE LAKE SEWER DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
<b>BASIC FINANCIAL STATEMENTS</b>	
District-Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental (General) Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental (General) Fund	11
Reconciliation of the Balance Sheet - Governmental (General) Fund to the Statement of Net Assets	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental (General) Fund to the Statement of Activities	13
Notes to Financial Statements	14 - 21

**WOODRIDGE LAKE SEWER DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION - BUDGET TO ACTUAL REPORT</b>	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	22
<b>SUPPLEMENTARY FINANCIAL DATA</b>	
Sewer Assessment Taxes Collected and Uncollected Balances	23
Schedule of Insurance	24
Statement of Debt Limitation	25
<u>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</u>	26 - 27



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Woodridge Lake Sewer District  
Goshen, Connecticut

Dear Members:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Woodridge Lake Sewer District, Goshen, Connecticut as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Woodridge Lake Sewer District's management. Our responsibility is to express opinions on these financial statements based on our audit.

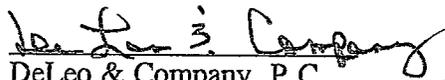
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Woodridge Lake Sewer District as of and for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 28, 2011 on our consideration of the Woodridge Lake Sewer District's internal control over financial reporting and 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 22 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplemental schedules consisting of the report on sewer assessment taxes, the schedule of insurance, and statement of debt limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
DeLeo & Company, P.C.  
Certified Public Accountants

New Milford, Connecticut  
November 28, 2011

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

The Woodridge Lake Sewer District (WLS D) is a governmental entity organized under the statutes of the State of Connecticut. Its purpose is to provide wastewater treatment services to the homes in a District encompassing approximately 20 square miles surrounding Woodridge Lake in Goshen, Connecticut. The following information is a narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011 and a forward looking perspective.

**Financial Summary**

The WLS D net assets at June 30, 2011 consisted of net investment in capital assets of \$1,550,449 compared to last year of \$1,419,700 and unrestricted reserves of \$852,736 compared to last year of \$797,559. The WLS D does not carry any long term debt other than a lease of \$33,766 for a tractor and accessories.

The WLS D operations and capital requirements are provided under an annual budget authorized and approved by the District members each year. The WLS D primary source of revenues is the annual assessment of a mill rate applied to the assessed property values maintained by the Town of Goshen for the homes served by the WLS D within the district. The District developed a Scope of Work ("SOP") to update our Facilities Plan to deal with outstanding issues with the Department of Energy and Environmental Protection ("DEEP"). The WLS D had planned to complete the SOP during the summer of 2011; the execution has now been extended into 2012. This resulted in a lower spending rate than budgeted and resulted in a favorable variance of \$311,331 as of June 30, 2011.

**Explanation of Revenue Variances:**

The total revenue collected was \$1,064,688, resulting in the favorable variance of \$91,729 to the budget, which included a grant income of \$70,417 from the Clean Water Act and additional fees from sewer permits. Even though the District has put in place a proactive collections process the "Sewer assessment tax receivable" has increased from June 20, 2010 to June 30, 2011 from \$36,268 to \$43,046 a sign of the tough economic times. The District is in better shape than in prior years since all but five taxpayers are on payment plans now; that was not the case in the prior year.

**Explanation of Operating Variances:**

The total Operating Budget actual expenditure was \$600,692, resulting in the favorable variance of \$124,688 to the budget.

- Payroll - Staff headcount was at the budgeted level for the entire year and produced a small \$110 unfavorable variance.
- Payroll Tax and Benefits - Produced a favorable variance of \$5,841 as a result of an employee opting out of health benefits.

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

- Operations:
  - Power and Heat - Produced a favorable variance of \$11,595 as a result of lower than budgeted usage.
  - Vehicle Operation - Produced a favorable variance of \$3,404 as a result of the institution of a fuel control system.
  - Chemical Supplies - Produced an unfavorable variance of \$2,636.
  - Telephone/Beeper - Produced an unfavorable variance of \$1,010 as the result of unauthorized usage by a terminated employee.
  - Facilities and Plant Maintenance - Produced a favorable variance of \$39,984. Anticipated pump station upgrade deferred.
  - Collection System Maintenance - Produced a favorable variance of \$38,313. Anticipated maintenance less extensive than planned.
  
- Office - The offices were relocated to a trailer producing an unfavorable variance of \$19,385.
  
- Insurance - Produced a favorable variance of \$35,124 as a result of lower than anticipated rates.
  
- Professional Fees - Produced an unfavorable variance of \$3,370 as a result of consulting fees associated with developing the Scope of Work for the DEEP.
  
- Contingency Fund - Was not utilized and it produced a favorable variance of \$25,000.

**Explanation of Capital Variances:**

The total Capital Budget actual expenditure was \$493,000, resulting in a favorable variance of \$219,602 to the budget.

- Tertiary System Rebuild - The project came in under budget resulting in a favorable budget of \$23,685.
  
- Digester Refurbishment - The project was deferred to the following year resulting in a favorable variance of \$50,000.
  
- Infiltration Remediation - The project was deferred to the following year resulting in a favorable variance of \$150,000.
  
- Plant Pump Road Repair - The project came in over budget by \$2,640.
  
- Consent Order Remediation - This project included the work performed this fiscal year on the Scope of Work and resulted in an unfavorable variance of \$72,209.
  
- Other Capital Outlays - These are various unbudgeted projects which were approved by the Board to resolve numerous safety issues at the plant, rebuilding Station #7, a biometric time clock, and several digital recorders all of which totaled of \$53,922.

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

**Looking Forward**

The District hosted two informational meetings for taxpayers to learn the latest developments in the WLSD's Scope of Work project.

Our engineering consultants Woodard & Curran have concentrated their project work in two important areas: the Inflow & Infiltration (I&I) and Groundwater Disposal tasks. On the I&I task, TV inspections have been conducted on 2.5 miles of pipeline to locate sources of infiltration. Approximately 200 home inspections were conducted to locate I&I problems due to faulty drains and lateral cleanouts, low lying pump chambers and down spouts hooked up to the sewer system. Results are being analyzed and further steps will be taken based on the findings.

The other major project entails tests to our groundwater disposal system. For the past four months we have been designing tests to determine the ability of our filter beds to absorb the wastewater from our treatment plant under conditions satisfactory to the Department of Energy and Environmental Protection (DEEP). We conducted a series of preliminary tests in May and have been in discussion with the DEEP to agree on the appropriate parameters and metrics for the field tests.

These have been difficult and complex discussions and we have yet to reach an agreement. DEEP is proposing to delay the final tests on the disposal system until March/April 2012 to insure high groundwater conditions.

Following completion of this work, the WLSD will seek to reach agreement with the DEEP on an environmentally and economically acceptable plan for the long term waste water treatment and disposal requirements of the WLSD. The ultimate solution and its costs are unknown at this time but preliminary estimates of the financial consequences still range from \$6 million to \$20 million.

**Overview of the Financial Statements**

For a full discussion of the nature of the district wide and fund financial statements and the related accounting policies, please refer to Note 1 of the Financial Statements. In summary, the District Wide Financial Statements reflect the annual operating activities of the District and the full statement of net assets including net capital assets for the District. A condensed presentation of these statements is shown below. In addition, the WLSD provides government fund statements of its general fund and reconciliations back to the District Wide Statements. In brief, the governmental (general) fund includes the revenues and expenditures for both operations and capital outlays as well as only recognizes revenues if received within a limited period after year end.

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

**District-Wide Financial Analysis**

Condensed Financial Information:

Woodridge Lake Sewer District  
Net Assets at June 30, 2011 and 2010

	2011	2010
Current and other Assets	\$ 1,033,013	\$ 846,858
Capital Assets (Net)	1,584,215	1,463,593
<b>Total Assets</b>	<u>2,617,228</u>	<u>2,310,451</u>
<b>Liabilities</b>		
Current	190,948	59,425
Non-current	23,095	33,767
<b>Total Liabilities</b>	<u>214,043</u>	<u>93,192</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	1,550,449	1,419,700
Unrestricted	852,736	797,559
<b>Total Net Assets</b>	<u>\$ 2,403,185</u>	<u>\$ 2,217,259</u>

Woodridge Lake Sewer District  
Changes in Net Assets for the  
Years Ended June 30, 2011 and 2010

	2011	2010
<b>Revenues:</b>		
<u>General Revenues:</u>		
Sewer assessment taxes and delinquent charges	\$ 942,574	\$ 781,873
Intergovernmental operating grant	70,417	-
Investment earnings	4,949	6,247
Other	45,126	40,390
<u>Total Revenues</u>	<u>1,063,066</u>	<u>828,510</u>
<b>Expenses:</b>		
General government (including unallocated depreciation)	877,140	754,022
<u>Total Expenses</u>	<u>877,140</u>	<u>754,022</u>
Change in Net Assets	185,926	74,488
Net Assets – Beginning	2,217,259	2,142,771
Net Assets - Ending	<u>\$ 2,403,185</u>	<u>\$ 2,217,259</u>

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

As reported above, a substantial portion of the District's net assets consist of capital assets (land, buildings, wastewater disposal infrastructure, equipment and furnishings).

The unrestricted net assets at June 30, 2011 have been accumulated to provide for anticipated and potential future expenditure requirements.

**Financial Analysis of the District's Governmental Fund:**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and unexpended fund balances for both operating and capital outlays. See the previous financial summary and explanations of operating variances regarding the outcome of the 2010-2011 General Fund budget to actual comparison.

**Basic Financial Statements**

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**DeLeo** & Company

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**WOODRIDGE LAKE SEWER DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

		Total Governmental Activities
<b>ASSETS</b>		
Cash and cash equivalents	\$	919,550
Sewer assessment tax receivable		43,046
Intergovernmental grant receivable		70,417
Capital assets		4,722,069
Accumulated depreciation		(3,137,854)
		<hr/>
<b>TOTAL ASSETS</b>		<b>2,617,228</b>
		<hr/>
<b>LIABILITIES</b>		
Accounts payable		173,895
Accrued payroll and payroll taxes		6,382
Liability for capital lease:		
Current portion		10,671
Non-current portion		23,095
		<hr/>
<b>TOTAL LIABILITIES</b>		<b>214,043</b>
		<hr/>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt		1,550,449
Unrestricted		852,736
		<hr/>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>2,403,185</b>
		<hr/> <hr/>

The notes to the financial statements are an integral part of this statement



**WOODRIDGE LAKE SEWER DISTRICT  
BALANCE SHEET - GOVERNMENTAL (GENERAL) FUND  
JUNE 30, 2011**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 919,550
Sewer assessment tax receivable	43,046
Intergovernmental grant receivable	70,417
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 1,033,013</b>
	<hr/> <hr/>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 173,895
Accrued payroll and payroll taxes	6,382
Deferred sewer assessment tax revenue	34,183
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>214,460</b>
	<hr/>
<b>FUND EQUITY</b>	
Fund balance - Committed	179,351
Fund balance - Unassigned	639,202
	<hr/>
<b>TOTAL FUND EQUITY</b>	<b>818,553</b>
	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,033,013</b>
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement

**WOODRIDGE LAKE SEWER DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL (GENERAL) FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>
<b>REVENUES</b>	
Sewer assessment taxation	\$ 941,196
Intergovernmental grant	70,417
Investment income	4,949
Sewer permit fees/connection charges	18,540
Other - cell tower rent	29,586
<b>TOTAL REVENUES</b>	<u>1,064,688</u>
<b>EXPENDITURES</b>	
<u>Personnel</u>	
Payroll	242,687
Payroll taxes and employee benefits	69,582
<u>Operations</u>	
Power and heat	77,405
Vehicle operation	8,596
Chemicals and supplies	8,136
Telephone/Beepers	4,610
Plant equip - repair and maintenance	40,016
Collection system - repairs and maintenance	31,687
Other maintenance/miscellaneous	17,111
Strison alarm maintenance	3,616
<u>Office</u>	
Office trailer lease	12,061
Office expenses	15,159
<u>Insurance</u>	
Insurance coverages	32,206
<u>Professional Fees</u>	
Legal, audit, engineering and testing and other	37,820
<u>Debt Service</u>	
Capital lease	12,111
<u>Capital Outlay</u>	
Capital outlay	398,086
<b>TOTAL EXPENDITURES</b>	<u>1,010,889</u>
Excess (deficiency) of revenues over expenditures	53,799
Fund Balance at beginning of year	764,754
Fund Balance at end of year	\$ 818,553

The notes to the financial statements are an integral part of this statement

WOODRIDGE LAKE SEWER DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL (GENERAL) FUND TO THE  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2011

Fund balance - governmental (general) fund \$ 818,553

Amounts reported for governmental activities in the statement of net assets are different because;

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 4,722,069	
Less accumulated depreciation	<u>3,137,854</u>	1,584,215

Uncollected sewer assessment taxes not available to pay for current period expenditures are deferred in the governmental funds.		34,183
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Long-term liabilities, including capital leases are not due and payable in the current period, and therefore not reported in the governmental funds		
Liability for capital lease		<u>(33,766)</u>

Net assets of governmental activities		<u>\$ 2,403,185</u>
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The notes to the financial statements are an integral part of this statement



**WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Woodridge Lake Sewer District (the District) have been prepared substantially in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The following is a summary of the more significant policies:

**District Wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District.

The statement of activities demonstrates the degree to which direct expenses offset program revenues. Direct expenses are those that are clearly identifiable with a specific revenue. Program revenues include 1) charges for services provided by a given function and 2) grants and contributions, either operating or capital that are restricted to meeting a particular function. Property (sewer assessment) taxes, cell tower rental, investment earnings, and delinquent interest, which are not restricted, are recorded as general revenue.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Sewer assessment taxes are recognized in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues are recognized when the eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and claims and judgments which are recorded only when payment is due.

**WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Miscellaneous charges for services, as well as delinquent interest and lien fees, are recorded as revenues when received.

**The District reports the following funds**

**Major Governmental Funds:**

General Fund – General operating fund of the District used to account for all financial resources except those required to be accounted for in another fund. This fund accounts for general governmental operations, which is principally the District's wastewater treatment function.

There are no other major or non-major governmental funds.

**Budgets**

An annual budget for the General Fund is approved at a District meeting each spring. For management purposes, the budget is informally amended.

**General Reporting Entity**

The Woodridge Lake Sewer District is a separately organized governmental entity located within the Town of Goshen, Connecticut and is not reported as a component unit of the Town.

The financial statements include all of the funds of the District which meet the criteria for defining the reporting entity as set forth by generally accepted accounting principles.

**Property Taxes**

Sewer assessment taxes are levied each July on assessed valuations of the preceding October 1<sup>st</sup> for all real property located within the District. Taxes are generally payable in two installments; first on July 1<sup>st</sup> and the second on January 1<sup>st</sup>. Unpaid real estate taxes are liened after January. Since all unpaid taxes may be liened and ultimately collected, there is no allowance for uncollectible taxes.

Interest on delinquent property tax payments is recorded upon collection.

**Permit Fees and Sewer Connection charges**

Charges for sewer system connection are recorded as revenue when received.

WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Vacation Pay and Sick Leave**

Employees are paid by prescribed formulas for absence due to vacation or illness. Although these benefits are not cumulative, they are not based on the District's fiscal year, and accordingly, an estimated liability for unused vacation time is recognized at the year end.

**Risk Management**

The District is exposed to various risks of loss relating to public official liability, theft or impairment of assets, errors or omissions, injuries to employees and natural disasters. The District purchases commercial insurance coverage to protect against losses from these risks. Additionally, employee health coverage is purchased from a commercial carrier, with no portion being self insured.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts or other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is frequently employed by governmental units. However, the District does not utilize an encumbrance accounting system.

**Fund equity and net assets**

In the District-wide financial statements, net assets are classified in the following categories:

**Invested in Capital Assets** – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

**Restricted Net Assets** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Currently there are no restricted net assets.

**Unrestricted Net Assets** – This category represents the net assets of the District, which are not restricted for any project or other purpose.

WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, fund balances of governmental funds are classified in two separate categories. The two categories and their general meanings have been restated since prior years in accordance with Governmental Accounting Standards Board Statement 54. The categories are as follows:

**Committed Fund Balance** - indicates that portion of fund equity which is available for appropriation through a District meeting. This is a new classification that did not exist in the prior year, and an equivalent was not reported.

**Unassigned Fund Balance** - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. In prior years this portion of the fund balance was termed "Unreserved Fund Balance."

NOTE 2 - RECONCILIATIONS OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS:

Page 12 of the basic financial statements includes a reconciliation between fund balance - governmental (general) fund and net assets - governmental activities as reported in the district-wide statement of net assets.

Page 13 of the basic financial statements includes a reconciliation between the statement of revenues, expenditures, and changes in fund balance of the governmental (general) fund and changes in net assets of governmental activities as reported in the district-wide statement of activities.

NOTE 3 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of the following accounts at June 30, 2011:

Deposits	\$	
Demand Accounts		212,981
Certificates of Deposit		706,519
Total Deposits		<u>919,500</u>
Petty Cash		<u>50</u>
Total cash and cash equivalents	\$	<u>919,550</u>

**WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 4 – DEPOSIT AND INVESTMENT RISK:**

**Legal and Contractual Provisions**

State statutes allow for the investment in obligations of the United States, including its agencies, in obligations of any state (including Connecticut) or any political subdivision, authority or agency thereof provided the obligations meet certain requirements of recognized rating services; or in any custodial arrangement, pool or no-load open-end management-type investment company or investment trust provided certain requirements are met.

Deposits with financial institutions in Connecticut are partially protected against loss in excess of deposit insurance through assessment against segregated collateral required to be maintained by all qualified public depositories in the amount of 10% to 120% of their outstanding public deposits depending on the bank's financial strength as shown by its risk-based capital ratio.

**Cash and Equivalents - Deposits**

At June 30, 2011, total bank balances were \$962,522. A total of \$711,160 was insured under the Federal Depository Insurance Corporation. The balance was uninsured and exposed to custodial credit risk which is defined as the risk, that in event of a bank failure, the District's deposits might not be recovered. The District does not have a formal policy for custodial risk.

The uninsured balance was \$251,362. A total of \$359 was uninsured and collateralized with securities held by the financial institution, its trust department or agent, but not in the District's name. The balance of \$251,003 was uninsured and collateralized with securities held by the financial institution, its trust department or agent, in the District's name.

**Cash Equivalent**

At June 30, 2011 a bank certificate of deposit totaling \$206,160 with a maturity date longer than three months following the year end is classified with other cash accounts for reporting purposes.

The amounts reported are applicable to both governmental activities and the general fund which is the only governmental fund.

**NOTE 5 – CAPITAL ASSETS:**

Capital assets include land, the wastewater collection system, the treatment plant, vehicles and equipment and furnishings. The capital assets have been accumulated over many years without a formal policy to establish a minimum amount an asset must cost before it is capitalized and depreciated. However, a minimum of \$1,000 has been established as a guideline.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and

**WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

improvements are capitalized as projects are constructed.

**NOTE 5 – CAPITAL ASSETS: (Continued)**

With the exception of land, capital assets are depreciated over their estimated useful lives by the straight line method. Depreciation expense for 2010-2011 totaled \$100,611. Estimated useful lives of the capital assets range from 5 years for office equipment and certain vehicles to 50 years for buildings and the wastewater collection and treatment system.

Capital asset activity for 2010-2011 was as follows:

<u>Description</u>	<u>Adjusted Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
	\$	\$	\$	\$
Land ( not depreciated)	110,000	-	-	110,000
Depreciable Assets:				
Wastewater treatment plant and system	3,525,784	224,232	11,800	3,738,216
Equipment	777,103	-	-	777,103
Vehicles	96,750	-	-	96,750
Total Capital Assets being Depreciated	4,399,637	224,232	11,800	4,612,069
Less: Accumulated Depreciation	3,046,044	100,611	8,801	3,137,854
Capital Assets Being Depreciated – Net	1,353,593	123,621	2,999	1,474,215
Total Capital Assets – Net	\$ 1,463,593	\$ 123,621	\$ 2,999	\$ 1,584,215

**NOTE 6 – RETIREMENT PLAN:**

The District maintains a Simplified Employee Pension Plan which covered three employees. Annual discretionary contributions are made by the District to separate Individual Retirement Accounts (IRA's) maintained by each participant. Accordingly, a pension trust fund is not maintained by the District. Employer contributions totaling \$8,442 were made during 2010-2011.

The Plan is available to all employees over 21 years old who have worked at least one year and earned over a minimal amount. The plan is noncontributory by employees and provides for employer discretionary contributions based on an equal percentage of each employee's earnings.

Although the plan may be terminated by the District at any time, its original adoption was under Section 408(k) of the Internal Revenue Code, and as such, amendments must adhere to changes in the Code.

**WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 7 - COMMITTED FUND BALANCE:**

As of June 30, 2011, a portion of the fund balance of the general fund has been committed for specific purposes as follows:

A total of \$179,351 has been committed for expenditures in the 2011-2012 general fund budget as approved at the District annual budget meeting held on May 21, 2011.

**NOTE 8 - LEASE OBLIGATION:**

During 2007-2008 the District entered into a five year arrangement to lease an office copier. The agreement is accounted for as an operating lease. 2010-2011 lease expense totaled \$1,363. The following is a schedule of future minimum lease payments:

Year	Amount
2011-2012	1,200
2012-2013	\$ 300
Total	<u>1,500</u>

**NOTE 9 - LEASE OF CELL TOWER SITE:**

During 2004-2005 the District entered into a rental agreement for land and access for a wireless communication base station and antenna. The agreement had an initial term of five years, effective November 29, 2004, and has been extended for an additional five year term, and may be further extended for three more five year terms at the option of the lessee. At year end, current monthly rent was \$2,474. A total of \$29,586 was collected during 2010-2011.

**NOTE 10 - CAPITAL LEASE**

During 2009-2010 the District entered into an equipment lease-purchase agreement for a tractor and accessories. The agreement requires five annual principal and interest payments of \$12,111 through November 2013. The agreement is collateralized with the equipment. The cost of the equipment is recorded as \$54,633 and is included with other capital assets. Accumulated amortization totaled \$8,194 at year end. Interest expense attributable to this agreement totaled \$1,985 for the 2010-2011 year.

WOODRIDGE LAKE SEWER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 10 - CAPITAL LEASE (Continued)

The following is a schedule of the future minimum lease payments and the present value of the net minimum lease payments at June 30, 2011.

Year Ending June 30th	Amount
2012	12,111
2013	12,111
2014	12,111
Total minimum lease payments	36,333
Less: Amount representing interest	2,567
Present value of future minimum lease payments	\$ 33,766

NOTE 11 - COMMITMENTS/CONTINGENCY:

In 1989 the District agreed to a consent order with the State of Connecticut Department of Environmental Protection. The agreement required a number of steps to determine and analyze alternative solutions to problems with insufficient capacity and plant design. During 2004-2005 a scope of study plan to determine long-term solutions for resolving the consent order was completed. The estimated costs of various options ranged from approximately ten million dollars to nearly twenty million dollars at that time. In July 2009 the Department of Environmental Protection submitted a letter further defining requirements for alternative solutions and requesting additional information and cost analysis. During the year the District obtained the services of another engineering firm to further study and evaluate solutions for resolving the consent order. A grant from the State of Connecticut Clean Water Fund has been obtained to provide reimbursement of 55% of eligible study costs. The final outcome of this matter cannot be estimated and it is not known what future governmental grant funds and/or low interest loans would be available to assist with the cost of any required actions.

NOTE 12 - DATE OF MANAGEMENT'S REVIEW:

The District has evaluated events and transactions subsequent to June 30, 2011 for potential recognition and disclosure through November 28, 2011, the date the financial statements were available to be issued.

\* \* \* \* \*

**Required Supplementary Information -  
Budget to Actual Report**

**WOODRIDGE LAKE SEWER DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DISTRICT GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sewer assessment taxation	\$ 928,859	\$ 928,859	\$ 941,196	\$ 12,337
Intergovernmental grant	-	-	70,417	70,417
Investment income	7,000	7,000	4,949	(2,051)
Sewer Permit Fees/connection chgs	6,600	6,600	18,540	11,940
Cell tower rent	30,000	30,000	29,586	(414)
Miscellaneous	500	500	-	(500)
<b>TOTAL REVENUES</b>	<b>972,959</b>	<b>972,959</b>	<b>1,064,688</b>	<b>91,729</b>
<b>EXPENDITURES</b>				
<u>Operations</u>				
Payroll-Personnel	150,577	150,577	133,422	17,155
Plant Superintendent	70,000	70,000	85,970	(15,970)
Payroll Overtime	22,000	22,000	23,295	(1,295)
Payroll Taxes	19,395	19,395	20,222	(827)
Fringe benefits	55,028	55,028	47,047	7,981
Training/Certification	1,000	1,000	2,313	(1,313)
Power	80,000	80,000	71,353	8,647
Fuel-heating	9,000	9,000	6,052	2,948
Fuel-automotive	10,000	10,000	7,116	2,884
Vehicle repair/maintenance	2,000	2,000	1,480	520
Chemicals and supplies	5,500	5,500	8,136	(2,636)
Telephone/beepers	3,600	3,600	4,610	(1,010)
Plant equip-repair and maint.	50,000	50,000	40,016	9,984
Collection System-repairs and maint.	60,000	60,000	31,687	28,313
Other maintenance/miscellaneous	9,000	9,000	17,111	(8,111)
Strison alarm/maintenance	4,000	4,000	3,616	384
Office trailer lease	-	-	12,061	(12,061)
Office expenses	7,500	7,500	14,824	(7,324)
Sewer tax refunds	-	-	335	(335)
Insurance	67,330	67,330	32,206	35,124
Professional fees, legal, audit engineering and testing and other	34,450	34,450	37,820	(3,370)
Pump station upgrades	30,000	30,000	-	30,000
Manhole raising	10,000	10,000	-	10,000
Contingency fund	25,000	25,000	-	25,000
<b>Total Operations</b>	<b>725,380</b>	<b>725,380</b>	<b>600,692</b>	<b>124,688</b>
<u>Debt Service</u>				
Capital lease	12,111	12,111	12,111	-
<u>Capital Outlay</u>				
Tertiary system rebuilt	175,000	175,000	151,315	23,685
Digester refurbishment	50,000	50,000	-	50,000
Infiltration remediation	150,000	150,000	-	150,000
Plant pump access road repair	18,000	18,000	20,640	(2,640)
Consent order remediation	100,000	100,000	172,209	(72,209)
Other capital outlay	-	-	53,922	(53,922)
<b>Total Capital Outlay</b>	<b>493,000</b>	<b>493,000</b>	<b>398,086</b>	<b>94,914</b>
<b>TOTAL EXPENDITURES</b>	<b>1,230,491</b>	<b>1,230,491</b>	<b>1,010,889</b>	<b>219,602</b>
Excess (deficiency) of revenues over expenditures	\$ (257,532)	\$ (257,532)	\$ 53,799	\$ 311,331
Fund Balance at beginning of year			764,754	
Fund Balance at end of year			\$ 818,553	

SUPPLEMENTARY FINANCIAL DATA

**WOODRIDGE LAKE SEWER DISTRICT  
SEWER ASSESSMENT TAXES COLLECTED AND UNCOLLECTED BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

List Year	Uncollected Taxes July 1, 2010 and Current Billings	Corrections and Adjustments		Actual Collections			Lien Fees	Totals	Uncollected Sewer Assessment Taxes June 30, 2011
		517 \$	904,903 \$	Sewer Assessment Taxes	Interest	Total			
2009	\$ 928,859	517	904,903	184	6,413	911,500	184	24,473	
2008	19,083	-	9,541	356	2,255	12,152	356	9,544	
2007	10,349	-	4,053	192	1,855	6,080	192	6,316	
2006	5,248	-	2,933	96	1,463	4,492	96	2,315	
2005	1,138	-	740	22	676	1,438	22	398	
2004	448	-	448	24	179	651	24	-	
<b>Totals</b>	<b>\$ 965,127</b>	<b>517</b>	<b>922,598</b>	<b>874</b>	<b>12,841</b>	<b>936,313</b>	<b>874</b>	<b>43,046</b>	

**THE WOODRIDGE LAKE SEWER DISTRICT**  
**SCHEDULE OF INSURANCE**  
**June 30, 2011**

INSURANCE:

<u>Blanket Buildings and Contents</u>	\$	4,736,734	100 % Coinsurance, \$5,000 Deductible Per Occurrence
<u>Equipment Coverage</u>			
Small Tools and Equip.	\$	34,665	Small tools and equipment Deductible \$500
Scheduled Equipment	\$	178,555	Scheduled equipment Deductible \$1,000
<u>General Liability</u>	\$	3,000,000	General Aggregate Limit
	\$	1,000,000	Personal and Advertising Injury Limit
	\$	1,000,000	Each Occurrence Limit
	\$	100,000	Damage to Rental Premises Limit
	\$	10,000	Medical Expense Limit (any one person)
	\$	3,000,000	Products-Completed Operations - Aggregate Limit
<u>Public Officials and Employee Liability</u>	\$	3,000,000	Aggregate Limit
		1,000,000	Each wrongful act or offense
		5,000	Defense expense for Injunctive Relief Deductible None
<u>Umbrella Policy</u>	\$	10,000,000	Aggregate limit, Self Insured Retention None
<u>Motor Vehicles</u>	\$	1,000,000	Single-Limit Liability Each Accident
	\$	1,000,000	Uninsured Motorists Each Accident
	\$	1,000	Comprehensive Deductible
	\$	1,000	Collision Deductible
<u>Workers' Compensation</u>			Statutory Limits Within:
	\$	500,000	Bodily Injury by Accident (each accident)
	\$	500,000	Bodily Injury by Disease (policy limit)
	\$	500,000	Bodily Injury by Disease (each employee)
<u>Crime</u>			Employee Dishonesty Coverage, including
Theft	\$	250,000	theft and fraud
Fraud	\$	100,000	Deductible \$5,000

**WOODRIDGE LAKE SEWER DISTRICT  
STATEMENT OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2011**

\$

Receipts from taxation

936,313

Property tax relief for elderly

-

Total Base

\$ 936,313

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
	\$	\$	\$	\$
<u>Debt Limitation:</u>				
2-1/4 times base	2,106,704	-	-	-
4-1/2 times base	-	4,213,408	-	-
3-3/4 times base	-	-	3,511,174	-
3-1/4 times base	-	-	-	3,043,017
<u>Total Debt Limitation</u>	<u>2,106,704</u>	<u>4,213,408</u>	<u>3,511,174</u>	<u>3,043,017</u>
<u>Outstanding Debt</u>	-	-	-	-
<u>Debt Limitation in Excess of Outstanding and Authorized Debt</u>	<u>\$ 2,106,704</u>	<u>\$ 4,213,408</u>	<u>\$ 3,511,174</u>	<u>\$ 3,043,017</u>

**WOODRIDGE LAKE SEWER DISTRICT  
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS**

Board of Directors  
Woodridge Lake Sewer District  
Goshen, Connecticut

Dear Members:

We have audited the financial statements of the governmental activities and each major fund of the Woodridge Lake Sewer District, Goshen, Connecticut as of and for the year ended June 30, 2011, which collectively comprise the Woodridge Lake Sewer District's basic financial statements and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Woodridge Lake Sewer District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Woodridge Lake Sewer District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Woodridge Lake Sewer District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

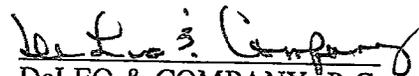
**WOODRIDGE LAKE SEWER DISTRICT  
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Woodridge Lake Sewer District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct or material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of the Woodridge Lake Sewer District in a separate letter dated November 28, 2011.

This report is intended solely for the use of the District Board of Directors, management and appropriate state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
DeLEO & COMPANY, P.C.  
Certified Public Accountants

New Milford, Connecticut  
November 28, 2011