

**WOODRIDGE LAKE SEWER DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2009**

---

---

**DeLeo**  
**& Company**

---

---

**Certified Public Accountants**

New Milford, Connecticut 860-354-9301 Fax 860-354-9304

**WOODRIDGE LAKE SEWER DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 6
<b>BASIC FINANCIAL STATEMENTS</b>	
District-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental (General) Fund	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental (General) Fund	10
Reconciliation of the Balance Sheet – Governmental (General) Fund to the Statement of Net Assets	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental (General) Fund to the Statement of Activities	12
Notes to Financial Statements	13 - 20

WOODRIDGE LAKE SEWER DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2009

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	21
<b>SUPPLEMENTARY FINANCIAL DATA</b>	
Sewer Assessment Taxes Collected and Uncollected Balances	22
Schedule of Insurance	23
Statement of Debt Limitation	24
<u>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</u>	25 - 27
Schedule of Findings and Responses	28 - 29



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, 2009, 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, 2009, 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 February 10, 2010 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.

The management's discussion and analysis on pages 3 through 6 and the general fund budget to actual report on page 21, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DeLeo & Company, P.C.  
Certified Public Accountants

New Milford, Connecticut  
February 10, 2010

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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, 2009.

**Financial Summary**

The WLS D net assets at June 30, 2009 consisted of net investment in capital assets of about \$1.3 million and unrestricted reserves of \$842 thousand. The WLS D does not currently carry any long term debt.

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. In this last year, the mill rate was adjusted to 2.89 mills in an effort to fund anticipated expenditures and provide excess revenues to be contributed towards reserves.

**Explanation of Operating Variances:**

- Collection system maintenance - \$42,626 vs. an adjusted budget of \$35,000. The overrun was due to inspection of all the pumping stations in the collection system to benchmark necessary future investments in infrastructure.
- Alarm monitoring/maintenance - \$16,508 vs. \$10,000 budgeted. This overrun was due to redesign and implementation of alarm system to replace the inoperative wireless system previously installed.
- Vehicle operation - \$19,049 vs. budget of \$10,000. Additional fuel costs along with maintenance associated with utilizing District equipment for snow plowing account for the overrun.
- IT Service, included with Office Expenses was over expended by approximately \$1,400 due to unanticipated networking problems.
- Certain expenditures were not anticipated in the 2008-2009 budget. Included with other professional fees are P.E. inspection fees totaling \$5,463 which resulted from a Board decision to have all connections to the system overseen by a licensed professional engineer. Included in capital outlay expenditures is a total of \$8,045 for the installation of an odor control system adjacent to pump station No. 6.

**Capital Improvements**

Capital improvements during the year included installation of an odor control system as described above, a major rehab program at the plant pump station on Beach Street and manhole raising, both planned on West Hyerdale and unplanned on Bentley Circle due to the Town's repaving of the street.

**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**Capital Improvements (Continued)**

The hard wired alarm system installed during the winter of 2008 has performed well and the second phase of upgrading our alarm and data collection system has been started with the installation of a new wireless system at pump station #6 - This beta site will be evaluated in the fall/winter of 2009.

**Looking Forward**

The District continued to operate under a consent order by the Connecticut Department of Environmental Protection that limits daily wastewater flows to 100,000 gallons per day. In June 2009 the District met with the DEP to review the Scope of Study completed and submitted in 2005. The District communicated its desire to deal with remediation on site. Although the DEP responded in July 2009, the uncertainty of the DEP's response and timetable for upgrading the wastewater processing system has resulted in planning to keep the repair and major upgrades of the plant in a holding pattern. However, the district has had an increasing frequency of onsite visits from DEP personnel that has required expenditure of funds to address specific items noted. Neither the ultimate costs of upgrading or otherwise dealing with wastewater processing system, nor the amount of funding available can be estimated at this time.

The district continued to operate without a licensed, Level III manager. The district is actively looking to find a licensed Level III operator as we have been cited by the state for non-compliance in this area.

We continue to struggle with getting out of the fire-fighting mode and personnel training continues to be an area for improvement.

As discussed in Note 5 of the financial statements, a comprehensive review and adjustment of capital asset records was undertaken subsequent to the June 30, 2009 year end. Going forward capital asset records are expected to be in accordance with governmental accounting principles.

**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, 2009**

**District-Wide Financial Analysis**

Condensed Financial Information:

Woodridge Lake Sewer District  
Net Assets at June 30, 2009 and 2008

	2009	2008
Current and other Assets	\$ 899,804	\$ 776,432
Capital Assets (Net)	1,301,075	1,191,699
<b>Total Assets</b>	<u>2,200,879</u>	<u>1,968,131</u>
 Liabilities	 <u>58,108</u>	 <u>40,385</u>
 Net Assets:		
Invested in capital assets	1,301,075	1,191,699
Unrestricted	841,696	736,047
<b>Total Net Assets</b>	<u>\$ 2,142,771</u>	<u>\$ 1,927,746</u>

Woodridge Lake Sewer District  
Changes in Net Assets for the  
Years Ended June 30, 2009 and 2008

	2009	2008
Revenues:		
<u>General Revenues:</u>		
Sewer assessment taxes and delinquent charges	\$ 808,917	\$ 743,023
Investment earnings	21,326	40,732
Other	37,404	34,640
<u>Total Revenues</u>	<u>867,647</u>	<u>818,395</u>
 Expenses:		
General government (including unallocated depreciation)	646,593	737,597
<u>Total Expenses</u>	<u>646,593</u>	<u>737,597</u>
 Change in Net Assets	221,054	80,798
Net Assets - Beginning	1,927,746	1,846,948
Adjustment to beginning net assets	(6,029)	-
Net Assets - Ending	<u>\$ 2,142,771</u>	<u>\$ 1,927,746</u>



**WOODRIDGE LAKE SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**District-Wide Financial Analysis (Continued)**

As reported above, a substantial portion of the District's net assets consist of capital assets (land, buildings, wastewater disposal infrastructure, equipment and furnishings). Net assets at the beginning of 2008-2009 have been adjusted to reflect the net results of correcting and restating detailed capital asset records.

The unrestricted net assets at June 30, 2009 have been accumulated to provide for anticipated and potential future expenditure requirements.

Although other revenues have increased, this has been as a result of cell tower rental fees increasing during 2008-2009. Connection and hook-up fees continued to decrease due to the slowdown in new homes being built in the District.

**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 explanation of operating variances regarding the outcome of the 2008-2009 General Fund budget to actual comparison in which the overall results were more favorable than budgeted.

The WLSD will continue its program to serve the community, upgrade its facilities and improve its physical and fiscal operations.

Respectfully submitted by  
Charles L. Karnolt, Treasurer

**Basic Financial Statements**

WOODRIDGE LAKE SEWER DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

		Total Governmental Activities
		Total Governmental Activities
<b>ASSETS</b>		
Cash and cash equivalents	\$	41,121
Sewer assessment tax receivable		39,774
Investments		818,909
Capital assets		4,341,537
Accumulated depreciation		(3,040,462)
		2,200,879
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable		47,780
Accrued payroll and payroll taxes		10,328
		58,108
<b>TOTAL LIABILITIES</b>		
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt		1,301,075
Unrestricted		841,696
		2,142,771
<b>TOTAL NET ASSETS</b>		<b>\$ 2,142,771</b>

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

**WOODRIDGE LAKE SEWER DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Revenues	Operating Capital	Grants and Contributions	Services	Expenses
	Governmental	Governmental	Contributions	Contributions	Contributions
Net (Expense) Revenue and Changes in Net Assets	(637,778)	(565,653)	(72,125)	-	-
	Governmental activities	General Government	Depreciation (unallocated)	Total governmental activities	
	\$ 574,468	\$ 8,815	72,125	\$ 646,593	\$ 646,593
	General revenues	Sewer assessment taxes, interest and fees	Cell tower rental	Unrestricted investment earnings	Total general revenues
	808,917	28,589	21,326	858,832	858,832
	Change in net assets	221,054			
	Net assets-beginning	1,927,746			
	Adjustment to beginning balance of capital assets	(6,029)			
	Adjusted net assets - beginning	1,921,717			
	Net assets - ending	\$ 2,142,771			

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

**WOODRIDGE LAKE SEWER DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL (GENERAL) FUND**  
**JUNE 30, 2009**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 41,121
Sewer assessment tax receivable	39,774
Investments	818,909
<b>TOTAL ASSETS</b>	<b>\$ 899,804</b>
 <b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 47,780
Accrued payroll and payroll taxes	10,328
Deferred sewer assessment tax revenue	29,551
<b>TOTAL LIABILITIES</b>	<b>87,659</b>
<b>FUND EQUITY (unreserved)</b>	
Fund balance - designated	337,895
Fund balance - undesignated	474,250
<b>TOTAL FUND EQUITY</b>	<b>812,145</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 899,804</b>

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, 2009**

		General Fund
<b>REVENUES</b>		
Taxes	\$	789,095
Interest and lien fees		6,275
Investment income		21,326
Permit fees and connection charges		8,815
Other - cell tower rent		28,589
<b>TOTAL REVENUES</b>		<b>854,100</b>
<b>EXPENDITURES</b>		
<u>Personnel</u>		
Payroll		198,614
Payroll taxes and benefits		41,448
<u>Operations</u>		
Power and heat		83,342
Vehicle operation		19,049
Chemical supplies		3,312
Telephone/Beeper		4,560
Infiltration project		-
Facilities and plant equipment maintenance		14,750
Collection system maintenance		42,626
Strison alarm maintenance		16,508
Other		13,008
<u>Office</u>		
Office Expenses		15,925
<u>Insurance</u>		
Insurance coverages		50,937
<u>Contingency Funds</u>		
Unanticipated expenditures		22,696
<u>Professional Fees</u>		
Legal, audit, engineering and testing		19,244
Consulting/Management - Project Coordinator		16,500
<u>Total Operating Expenses</u>		562,519
<u>Capital and Other</u>		
Capital outlay		199,479
<b>TOTAL EXPENDITURES</b>		<b>761,998</b>
Excess (deficiency) of revenues over expenditures		92,102
Fund Balance at beginning of year		720,043
Fund Balance at end of year	\$	<b>812,145</b>

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, 2009

Fund balance - governmental (general) fund \$ 812,145

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	\$ 4,341,537	
Less accumulated depreciation	<u>3,040,462</u>	1,301,075

Uncollected sewer assessment taxes not available to pay for  
current period expenditures are deferred in the governmental  
funds. 29,551

Net assets of governmental activities \$ 2,142,771

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

WOODRIDGE LAKE SEWER DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE OF THE GOVERNMENTAL (GENERAL) FUND TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balance - governmental (general) fund \$ 92,102

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following items are reflected.

Expenditures and adjustments for capital assets	\$ 187,530	
Less current year depreciation	<u>72,125</u>	115,405

Revenue from sewer assessment taxes in the statement of activities is based on billings, while such revenue is reported in the governmental fund when it becomes currently available.	13,547
---	--------

Change in net assets of governmental activities	<u><u>\$ 221,054</u></u>
---	--------------------------

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



**WOODRIDGE LAKE SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 2009

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.

**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.

**Sewer Connection Fees**

Sewer system connection fees are recorded as revenue when received.

WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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. There is currently no outstanding debt attributable to capital assets.

**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, 2009

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 are as follows:

**Reserved Fund Balance** – indicates that portion of fund equity which has been legally segregated for specific purposes. Currently, no portion of the fund balance is reserved.

**Unreserved Fund Balance** – indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A portion of this balance may be designated for certain uses.

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

Page 11 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 12 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, CASH EQUIVALENTS AND INVESTMENTS:

Cash, cash equivalents and investments consist of the following accounts at June 30, 2009:

Deposits	\$	
Demand Account		15,756
Certificates of Deposit		818,909
Total Deposits		<u>834,665</u>
Edward Jones – Cash Equivalent Account		25,315
Petty Cash		50
Total		<u>860,030</u>
Less: Certificates of deposit due at various times during the 2009-2010 year, and classified as investments (at market)		<u>818,909</u>
Total cash and cash equivalent	\$	<u>41,121</u>

WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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.

**Deposits**

At June 30, 2009, total bank balances were \$838,253 and were covered by Federal Depository Insurance.

**Cash Equivalents**

At June 30, 2009, the District maintained an Edward Jones brokerage cash account for \$25,315 which was insured by the Securities Investor Protection Corporation (SIPC).

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 improvements are capitalized as projects are constructed.

**WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**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 2008-2009 totaled \$72,125. 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.

As a result of a comprehensive review and restatement of capital asset records, the beginning balances of depreciable assets and accumulated depreciation were adjusted to correct and restate capital asset records as follows:

	Beginning Balances	Net Adjustment	Adjusted Beginning Balances
Wastewater Treatment Plant and System	\$ 3,403,953	\$ (104,512)	\$ 3,299,441
Equipment	829,111	(140,545)	688,566
Vehicles	56,000	-	56,000
Total Depreciable Assets	4,289,064	(245,057)	4,044,007
Accumulated Depreciation	3,207,365	(239,028)	2,968,337
Net Depreciable Assets	\$ 1,081,699	\$ (6,029)	\$ 1,075,670

Capital asset activity for 2008-2009 was as follows:

Description	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Land ( not depreciated)	\$ 110,000	-	-	\$ 110,000
Depreciable Assets:				
Wastewater treatment plant and system	3,299,441	178,110	-	3,477,551
Equipment	688,566	9,420	-	697,986
Vehicles	56,000	-	-	56,000
Total Capital Assets being Depreciated	4,044,007	187,530	-	4,231,537
Less: Accumulated Depreciation	2,968,337	72,125	-	3,040,462
Capital Assets Being Depreciated – Net	1,075,670	115,405	-	1,191,075
 Total Capital Assets – Net	 \$ 1,185,670	 \$ 115,405	 \$ -	 \$ 1,301,075

**WOODRIDGE LAKE SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

NOTE 6 - RETIREMENT PLAN :

The District maintains a Simplified Employee Pension Plan which covered four 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 \$8,356 were made during 2008-2009

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.

NOTE 7 - DESIGNATED FUND BALANCE:

As of June 30, 2009, a portion of the fund balance of the general fund has been designated for specific purposes as follows:

A total of \$337,895 has been designated for replacement of emergency generators, equipment for both the plant and collection system and vehicles.

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. 2008-2009 lease expense totaled \$1,210. The following is a schedule of future minimum lease payments:

Year	Amount
2009-2010	1,200
2010-2011	1,200
2011-2012	1,200
2012-2013	\$ 300
Total	<u>3,900</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 has an initial term of five years, effective November 29, 2004, and may be extended for an additional four, five year terms, at the option of the lessee. At year end, current monthly rent was \$2,431 after other communications companies have been added to the antenna. A total of \$28,589 was collected during 2008-2009.

WOODRIDGE LAKE SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 10 - 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. Accordingly, the final outcome of this matter cannot be estimated and it is not known what state grant funds and/or low interest loans would be available to fund any actions.

\* \* \* \* \*



**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, 2009**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 783,308	\$ 783,308	\$ 789,095	\$ 5,787
Interest and lien fees	3,500	3,500	6,275	2,775
Investment income	15,000	15,000	21,326	6,326
Permit fees and connection charges	12,000	12,000	8,815	(3,185)
Other - cell tower rent	24,000	24,000	28,589	4,589
<b>TOTAL REVENUES</b>	<b>837,808</b>	<b>837,808</b>	<b>854,100</b>	<b>16,292</b>
<b>EXPENDITURES</b>				
Personnel				
Payroll	177,800	177,800	198,614	(20,814)
Payroll taxes and benefits	122,200	122,200	41,448	80,752
Operations				
Power and heat	85,000	85,000	83,342	1,658
Vehicle operation	10,000	10,000	19,049	(9,049)
Chemical supplies	4,000	4,000	3,312	688
Telephone/Beeper	4,500	4,500	4,560	(60)
Infiltration project	-	-	-	-
Facilities and plant equip maint.	25,000	25,000	14,750	10,250
Collection system maint.	85,000	35,000	42,626	(7,626)
Strison alarm maint.	10,000	10,000	16,508	(6,508)
Other	7,000	7,000	13,008	(6,008)
Office				
Office expenses	12,700	12,700	15,925	(3,225)
Insurance				
Insurance coverages	61,653	61,653	50,937	10,716
Contingency Funds				
Unanticipated expenditures	25,000	25,000	22,696	2,304
Professional Fees				
Legal, audit, engineering and testing	32,000	32,000	19,244	12,756
Consulting/Management - Project Coordinator	24,000	24,000	16,500	7,500
<b>Total Operating Expenses</b>	<b>685,853</b>	<b>635,853</b>	<b>562,519</b>	<b>73,334</b>
Capital and Other				
Capital outlay	138,500	188,500	199,479	(10,979)
<b>TOTAL EXPENDITURES</b>	<b>824,353</b>	<b>824,353</b>	<b>761,998</b>	<b>62,355</b>
Excess (deficiency) of revenues over expenditures	<u>\$ 13,455</u>	<u>\$ 13,455</u>	92,102	<u>\$ 78,647</u>
Fund Balance at beginning of year			720,043	
Fund Balance at end of year			<u>\$ 812,145</u>	

SUPPLEMENTARY FINANCIAL DATA

WOODRIDGE LAKE SEWER DISTRICT  
 SEWER ASSESSMENT TAXES COLLECTED AND UNCOLLECTED BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2009

Uncollected Taxes July 1, 2008 and Current Billings	Corrections and Adjustments	Sewer Assessment Taxes	Actual Collections Interest	Lien Fees	Total	Uncollected Sewer Assessment Taxes June 30, 2009
2007 \$ 800,585	\$ 1,951	\$ 776,481	\$ 4,523	\$ 164	\$ 781,168	\$ 26,055
2006 11,185	37	1,824	543	96	2,463	9,398
2005 5,166	29	1,488	859	90	2,437	3,707
2004 595	19	-	-	-	-	614
Totals \$ 817,531	\$ 2,036	\$ 779,793	\$ 5,925	\$ 350	\$ 786,068	\$ 39,774

**THE WOODRIDGE LAKE SEWER DISTRICT**  
**SCHEDULE OF INSURANCE**  
**June 30, 2009**

**INSURANCE:**

<u>Blanket Buildings and Contents</u>	\$	4,554,552	100 % Coinsurance, \$5,000 Deductible Per Occurrence
<u>Unscheduled Property</u>	\$	15,000	Owned and Non-owned tools and Small Equipment
<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
	\$	5,000	Medical Expense Limit (any one person)
	\$	3,000,000	Products-Completed Operations - Aggregate Limit
<u>Public Officials and Employee Liability</u>	\$	1,000,000	Each Loss and Aggregate Annual Limit Retention of \$2,500 per Loss
<u>Umbrella Policy</u>	\$	10,000,000	Aggregate limit, No Self Insured Retention
	\$	5,000,000	Occurrence Limit
<u>Motor Vehicles</u>	\$	1,000,000	Single-Limit Liability Each Accident
	\$	1,000,000	Uninsured Motorists Each Accident
	\$	250	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>	\$	250,000	Employee Dishonesty Coverage, with \$2,000 deductible

**WOODRIDGE LAKE SEWER DISTRICT  
STATEMENT OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Receipts from taxation</u>	\$	786,068
<u>Property tax relief for elderly</u>		-
<u>Total Base</u>		\$ 786,068

	\$	\$	\$	\$
	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
<u>Debt Limitation:</u>				
2-1/4 times base	1,768,653	-	-	-
4-1/2 times base	-	3,537,306	-	-
3-3/4 times base	-	-	2,947,755	-
3-1/4 times base	-	-	-	2,554,721
<u>Total Debt Limitation</u>	1,768,653	3,537,306	2,947,755	2,554,721
<u>Outstanding Debt</u>	-	-	-	-
<u>Debt Limitation in Excess of Outstanding and Authorized Debt</u>	\$ 1,768,653	\$ 3,537,306	\$ 2,947,755	\$ 2,554,721

**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, 2009, which collectively comprise the Woodridge Lake Sewer District's basic financial statements and have issued our report thereon dated February 10, 2010. 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 financials 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Woodridge Lake Sewer District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Woodridge Lake Sewer District's financial statements that is more than inconsequential will not be prevented or detected by the Woodridge Lake Sewer District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Listed are findings 2009-1 and 2009-2.

A material weakness is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Woodridge Lake Sewer District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

**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*.

Woodridge Lake Sewer District's response to the findings identified in our audit is described in the schedule of findings and responses. We did not audit the Woodridge Lake Sewer District's response and accordingly, we express no opinion on it.



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

This report is intended 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 PC*  
DeLEO & COMPANY, P.C.  
Certified Public Accountants

New Milford, Connecticut  
February 10, 2010

**WOODRIDGE LAKE SEWER DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2009**

**Internal Control – Significant Deficiencies**

**Finding 2009-1 Account Reconciliations**

Condition - We continued to note that key general ledger accounts were not reconciled on an ongoing basis. Also noted were errors in accounting for employee medical insurance co-payment computations.

Criteria - Internal controls should be in place to provide reasonable assurance that key general ledger accounts are reconciled and reviewed on a periodic basis.

Effect - Absent reconciliation, key general ledger accounts such as investments, payables, payroll and related taxes may reflect incorrect information relied on by management and the Board of Directors.

Recommendation - We continue to recommend that a routine for reconciliation of all key general ledger accounts and computations be established, along with documented oversight by the Board, a selected Board member or outside person with specialized knowledge of accounting issues.

**Finding 2009-2 – Accounting Procedures**

Condition – Accounting functions are performed by two officials in the District office, the clerk and the tax collector. While both make bank deposits, the clerk records and accounts for expenditures and payables and the tax collector accounts for sewer tax billings and collections and payroll preparation. During 2008-2009 an outline of the procedures each performs was established in an effort to provide documentation.

Criteria – Duties which include control over both receipts and disbursements are normally considered incompatible and weaken controls.

Recommendations – Although the above noted condition is practical under the circumstances and we agree with the establishment of an outline of procedures, we continue to recommend increased oversight as outlined in Finding 2009-1.

**Prior Year Findings - Resolved**

Software Security - We noted in the prior year that the commercial general ledger accounting and payroll software was not password protected. Following our audit fieldwork in the Fall of 2008, a password to access the programs was established and in use for the balance of the year.

**WOODRIDGE LAKE SEWER DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2009**

**Prior Year Findings - Resolved (Continued)**

Detailed Records of Capital Assets - In prior years we have continued to note that capital asset addition, disposal and depreciation records were not maintained in accordance with accounting principles and could not be relied on. Although this condition continued during 2008-2009, shortly after the year end the District engaged an independent accountant who assisted with the correction and reconciliation of capital asset and depreciation records and established an Excel worksheet schedule for the year ended June 30, 2009.

**Audit Responses**

**Finding 2009-1 Account Reconciliations**

Response - Although not always reflected in the general ledger, cash and investment accounts are reviewed and monitored by officials. Overall financial activities are reported to the Board of Directors on an ongoing basis, which provides for control even though the actual general ledger is not formally reconciled due to the limited staff. Additionally, our Board is continuing to seek members who have an accounting background who could assist in oversight of the accounting functions.

**Finding 2009-2 Accounting Procedures**

Response - As acknowledged by the auditors, the current situation is practical under the circumstances due to the limited staff and hours worked. As already noted the Board of Directors does have some oversight and is looking to increase it.