

WOODRIDGE LAKE SEWER DISTRICT
FINANCIAL REPORT
JUNE 30, 2021

WOODRIDGE LAKE SEWER DISTRICT

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CARNEY, ROY AND GERROL, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Woodridge Lake Sewer District
Goshen, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Woodridge Lake Sewer District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 funds of Woodridge Lake Sewer District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 22-23 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Woodridge Lake Sewer District's basic financial statements. The supplemental schedules consisting of the report on sewer assessment taxes and statement of debt limitations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of Woodridge Lake Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Woodridge Lake Sewer District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodridge Lake Sewer District's internal control over financial reporting and compliance.



Rocky Hill, Connecticut
November 5, 2021

WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The Woodridge Lake Sewer District (“WLSD”) is a governmental entity organized under the statutes of the State of Connecticut. Its purpose is to provide wastewater treatment services to the 697 homes within the watershed surrounding Woodridge Lake in Goshen, Connecticut.

The District’s financials are reported under various accounting methods to meet governmental and accounting standards. The District has received an unmodified (clean) opinion from our auditors.

This report will focus on the Statement of Net Position, Operations of our General Fund and Capital Projects Fund including the budget comparisons for the fiscal year ended June 30, 2021 on pages 22-23.

Statement of Net Position

WLSD net assets at June 30, 2021 totaled \$2,201,346, an increase from \$1,860,258 last year.

Condensed Comparative Financial Information for the Years Ended June 30

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 617,036	\$ 464,144	\$ 152,892
Capital assets	<u>2,264,308</u>	<u>2,137,852</u>	<u>126,456</u>
Total assets	<u>2,881,344</u>	<u>2,601,996</u>	<u>279,348</u>
Noncurrent liabilities	636,407	646,895	(10,488)
Other liabilities	<u>43,591</u>	<u>94,843</u>	<u>(51,252)</u>
Total liabilities	<u>679,998</u>	<u>741,738</u>	<u>(61,740)</u>
Net investment in capital assets	1,627,901	1,490,957	136,944
Unrestricted	<u>573,445</u>	<u>369,301</u>	<u>204,144</u>
Total net position	<u>\$2,201,346</u>	<u>\$1,860,258</u>	<u>\$ 341,088</u>

WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Condensed Comparative Financial Information for the Years Ended June 30 (Continued)

TABLE 2
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Charges for services	\$ 15,200	\$ 3,800	\$ 11,400
Operating grants and contributions	48,147	1,466	46,681
Total program revenues	<u>63,347</u>	<u>5,266</u>	<u>58,081</u>
Sewer assessment taxes, interest, and fees	1,237,739	1,236,290	1,449
Cell tower rental and other	98,393	46,366	52,027
Unrestricted investment earnings	370	5,155	(4,785)
Total general revenues	<u>1,336,502</u>	<u>1,287,811</u>	<u>48,691</u>
Total revenues	<u>1,399,849</u>	<u>1,293,077</u>	<u>106,772</u>
General government expenses	843,109	935,186	(92,077)
Depreciation	190,278	177,673	12,605
Loss on disposal of assets	25,374	1,787,135	(1,761,761)
Total program expenses	<u>1,058,761</u>	<u>2,899,994</u>	<u>(1,841,233)</u>
Total expenses	<u>1,058,761</u>	<u>2,899,994</u>	<u>(1,841,233)</u>
Change in net position	341,088	(1,606,917)	1,948,005
Beginning net position	1,860,258	3,467,175	(1,606,917)
Ending net position	<u>\$2,201,346</u>	<u>\$1,860,258</u>	<u>\$ 341,088</u>

General Fund (see page 22)

The General Fund year end resulted in a surplus of \$558,938, which was greater than our original budget forecast of \$503,738 surplus. The General Fund transferred \$398,137 to the Capital Fund. The General Fund balance at year end was \$575,674.

The General Fund revenue amounted to \$1,356,741, which was more than the budget by \$60,823.

The General Fund's actual expenditures were \$797,803, which was \$5,623 higher than budget. We did not utilize the contingency reserve of \$25,000.

WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Capital Projects Fund (see page 23)

Our total capital plan was budgeted to spend \$2,284,590 based on the initiation of construction of the Torrington Pipeline Project, which was subsequently discontinued. Actual total capital spend was \$398,134 as detailed on page 23.

As per our ongoing Infiltration and Inflow (I/I) Reduction Project, during the year we CCTVed and cleaned/repairs portions of our sewer system lines. The required CCTV work, analysis, and repairs were budgeted at \$140,000 with an actual spend of \$137,654, which was \$2,346 less than budget.

During the year we spent \$147,716 on emergency repairs to various pumps and motors.

WOODRIDGE LAKE SEWER DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Total Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 598,196
Sewer assessment tax receivable	18,840
Capital assets	6,197,073
Accumulated depreciation	<u>(3,932,765)</u>
Total assets	<u>\$ 2,881,344</u>
LIABILITIES	
Accounts payable	\$ 9,917
Accrued payroll and payroll taxes	19,647
Accrued interest	14,027
Noncurrent liabilities:	
Due within one year	10,784
Due in more than one year	<u>625,623</u>
Total liabilities	<u>679,998</u>
NET POSITION	
Investment in capital assets, net of related debt	1,627,901
Unrestricted	<u>573,445</u>
Total net position	<u>\$ 2,201,346</u>

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental activities				
General Government	\$ 843,109	\$ 15,200	\$ 48,147	\$ (779,762)
Depreciation (unallocated)	190,278	-	-	(190,278)
Loss on disposal of assets	25,374	-	-	(25,374)
	\$ 1,058,761	\$ 15,200	\$ 48,147	(995,414)
Total governmental activities				
General revenues				1,237,739
Sewer assessment taxes, interest, and fees				98,393
Cell tower rental and other				370
Unrestricted investment earnings				1,336,502
Total general revenues				341,088
Change in net position				1,860,258
Net position - beginning				\$ 2,201,346
Net position - ending				2,201,346

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
 JUNE 30, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 598,196	\$ -	\$ 598,196
Sewer assessment tax receivable	18,840	-	18,840
Total assets	\$ 617,036	\$ -	\$ 617,036
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 9,917	\$ -	\$ 9,917
Deferred sewer tax revenue	11,798	-	11,798
Accrued payroll and payroll taxes	19,647	-	19,647
Total liabilities	41,362	-	41,362
FUND BALANCES			
Fund balance - unassigned	575,674	-	575,674
Total fund balances	575,674	-	575,674
Total liabilities and fund balance	\$ 617,036	\$ -	\$ 617,036

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUE			
Sewer assessment taxation	\$ 1,245,037	\$ -	\$ 1,245,037
Investment income	370	-	370
Other	47,987	50,406	98,393
DESPP grant	48,147	-	48,147
Sewer permit fees / connection charge	<u>15,200</u>	<u>-</u>	<u>15,200</u>
Total revenues	<u>\$ 1,356,741</u>	<u>\$ 50,406</u>	<u>\$ 1,407,147</u>
EXPENDITURES			
<u>Personnel</u>			
Payroll, payroll taxes and employee benefits	\$ 390,736	\$ -	\$ 390,736
<u>Operations</u>			
Power and heat	87,321	-	87,321
Plant & collection system maintenance	157,460	-	157,460
Other	60,131	-	60,131
<u>Office</u>			
Office trailer lease and other office expenses	16,798	-	16,798
<u>Insurance</u>			
Insurance coverage	61,673	-	61,673
<u>Professional fees</u>			
Legal, audit, engineering and testing and other	<u>23,684</u>	<u>26,939</u>	<u>50,623</u>
Total operations	<u>797,803</u>	<u>26,939</u>	<u>824,742</u>
<u>Debt service</u>			
Principal	-	10,488	10,488
Interest	<u>-</u>	<u>18,599</u>	<u>18,599</u>
Total debt service	<u>-</u>	<u>29,087</u>	<u>29,087</u>
<u>Capital outlay</u>			
Emergency refurbishment of sewer pumps	-	147,716	147,716
Pipe lining, clean & TV collection system	-	137,654	137,654
Other capital improvements	<u>-</u>	<u>56,738</u>	<u>56,738</u>
Total capital outlay	<u>-</u>	<u>342,108</u>	<u>342,108</u>

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
Total expenditures	<u>797,803</u>	<u>398,134</u>	<u>1,195,937</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ 558,938</u>	<u>\$ (347,728)</u>	<u>\$ 211,210</u>
OTHER FINANCING SOURCES			
Transfers in	-	398,137	398,137
Transfers out	<u>(398,137)</u>	<u>-</u>	<u>(398,137)</u>
Total other financing sources	<u>(398,137)</u>	<u>398,137</u>	<u>-</u>
Net Change in Fund Balances	<u>160,801</u>	<u>50,409</u>	<u>211,210</u>
Fund Balance - Beginning of year	<u>414,873</u>	<u>(50,409)</u>	<u>364,464</u>
Fund Balance - End of year	<u>\$ 575,674</u>	<u>\$ -</u>	<u>\$ 575,674</u>

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund balance - governmental funds		\$ 575,674
<p>Amounts reported for governmental activities in the statement of net position are different because of the following:</p>		
<p>Capital assets used in government activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 6,197,073	
Less accumulated depreciation	<u>(3,932,765)</u>	
Net capital assets		2,264,308
<p>Uncollected sewer assessment taxes not available to pay for current period expenditures are deferred in the governmental fund.</p>		
		11,798
<p>Long-term liabilities, including capital leases are not due and payable in the current period, and therefore not reported in the governmental funds.</p>		
Bond payable		(636,407)
Accrued interest		<u>(14,027)</u>
Net position of governmental activities		<u>\$ 2,201,346</u>

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balance - governmental funds **\$ 211,210**

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 reflect the various adjustments for capital assets.

Total capital outlay	\$ 342,108	
Less: portion expensed	-	
Portion of capital outlay capitalized	<u>342,108</u>	
Less: current year depreciation	<u>(190,278)</u>	
		151,830
Loss on disposal of assets		(25,374)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest 232

Debt service principal payments reported as expenditures in the governmental funds are reported as reduction of liabilities in the district-wide financial statements 10,488

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.

Adjustment from available sewer assessment taxes to adjusted billed balances (7,298)

Changes in net position of governmental activities **\$ 341,088**

The accompanying notes are an integral part of the financial statements.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 position and the statement of activities) report information on all of the non-fiduciary 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 funds 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.

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.

Capital Projects Fund - Capital projects fund accounts for resources used for the acquisition and/or construction of capital facilities, except those accounted for in proprietary funds.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 1st for all real property located within the District. Taxes are generally payable in two installments; first on July 1st and the second on January 1st. 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.

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.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. There was no committed fund balance at June 30, 2021.

Unassigned Fund Balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

Long-term obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.