

WOODRIDGE LAKE SEWER DISTRICT

FINANCIAL REPORT

JUNE 30, 2008

DeLeo
& Company

Certified Public Accountants

**WOODRIDGE LAKE SEWER DISTRICT
FINANCIAL REPORT
JUNE 30, 2008**

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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, 2008, 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 opinion.

Management has not adopted capital asset accounting records in sufficient detail to document capital asset acquisitions, disposals and depreciation as reported in the district-wide financial statements. Accounting principles generally accepted in the United States of America require asset records sufficient to identify and depreciate capital assets. The financial impact of this departure had not been determined.

In our opinion, except for the effects of not adopting detail capital asset accounting records, the district-wide financial statements of governmental activities present fairly, in all material respects, the financial position and changes in financial position of the Woodridge Lake Sewer District as of and for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the major fund of the Woodridge Lake Sewer District as of June 30, 2008 and the respective changes in financial position, thereof for the year then ended 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 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 read in conjunction with this report in considering 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
December 31, 2008

**WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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, 2008.

Financial Summary

The WLS D net assets at June 30, 2008 consisted of net investment in capital assets of nearly \$1.2 million and unrestricted reserves of \$736 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 increased from 3.8 to 3.95 mills in an effort to fund anticipated expenditures and provide a \$27,240 revenue excess to be contributed towards reserves. As further explained below, unanticipated infrastructure upgrades and other expenditures were encountered which necessitated depletion of reserves by approximately \$35,000. Historically, the district has worked to an expense budget that included both capital investments and ongoing expenses associated with the operation of the collection and processing system. This past year the budget was reformatted in an effort to better manage those aspects that are controllable (operating expenditures) and plan for infrastructure upgrades and replacement (capital expenditures). Additional challenges exist in terms of personnel development, as well as ongoing investment in infrastructure upgrading. We anticipate that the increase in sewer assessment taxes approved for the coming year will put us back on track for funding the necessary infrastructure investment.

Explanation of Operating Variances:

- Personnel Expense - budgeted 235M - Variance was due to extraordinary overtime requirements during winter associated with refurbishment of pump station #6 and unavailability of qualified personnel for on call requirements.
- Vehicle expenses were \$11,840 vs. a budget of \$6,500 - due primarily to cost of fuel and unanticipated repairs associated with the District's dump truck as a result of inexperienced operators.
- Problems with the wireless alarm and data collection system were unanticipated expenses and not budgeted - 18M.
- The decision to move from dial up to cable was made to facilitate communication between the board and the operating staff and to improve productivity. Separate lines had to be brought in that were unplanned for which resulted in an unbudgeted expense of \$11.5M.
- Additional, unbudgeted funds were expended for outside engineering to deal with the wireless alarm problems (8M) and the rewriting of sewer connection standards (6.5M).
- Interim management fees were \$4.5M over budget as a state licensed manager has not been found to handle the District's business.

**WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

- Professional services were also contracted in the area of electrical/electronic upgrades for data communication and alarms, as well as the area of installation of laterals (unanticipated expense of 14.5M).

Capital Improvements

The operating plant was upgraded with cable communication, the wireless data monitoring and alarm system were completed, the pumping station adjacent to the WLPOA clubhouse was upgraded, a new diesel generator installed, a major line repair completed on East Hyerdale, energy efficient pumps installed in one of the wet wells, a new grinder at the head works was installed and the grit collections system reinstated.

Looking Forward

Additional focus will be placed on a continued upgrade of the collection system as well as repair and replacement of items at the head works.

Data collection and loss of the wireless network for alarms is the number one problem area for the district that will be dealt with during the first half of the coming year. The investment made in wireless data communication has fallen far short of our expectations due primarily to technology upgrades (moving from analog to digital signals).

This past year saw a reshuffling of personnel with a new hire and a resignation of a long tenured employee. We are still working with an interim manager that is acting as liaison between the board and the operating staff. Personnel development is also recognized as an area requiring investment.

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. Although the DEP has not yet imposed a moratorium on building, the District is planning to continue reduction of ground water infiltration into the collection system. The uncertainty of the DEP's response and timetable for upgrading the wastewater processing system has resulted in keeping the repair major upgrades of the plant in a holding pattern.

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, 2008**

District-Wide Financial Analysis

Condensed Financial Information:

Woodridge Lake Sewer District
Net Assets at June 30, 2008 and 2007

	2008	2007
Current and other Assets	\$ 776,432	\$ 821,136
Capital Assets (Net)	1,191,699	1,079,668
Total Assets	1,968,131	1,900,804
 Liabilities	 40,385	 55,856
 Net Assets:		
Invested in capital assets	1,191,699	1,079,668
Unrestricted	736,047	767,280
Total Net Assets	\$ 1,927,746	\$ 1,846,948

Woodridge Lake Sewer District
Changes in Net Assets for the
Years Ended June 30, 2008 and 2007

	2008	2007
Revenues:		
<u>General Revenues:</u>		
Sewer assessment taxes and delinquent charges	\$ 743,023	\$ 696,543
Investment earnings	40,732	46,168
Other	34,640	31,050
<u>Total Revenues</u>	<u>818,395</u>	<u>773,761</u>
 Expenses:		
General government (including unallocated depreciation)	737,597	607,991
<u>Total Expenses</u>	<u>737,597</u>	<u>607,991</u>
 Change in Net Assets	 80,798	 165,770
Net Assets – Beginning	1,846,948	1,701,636
Adjustment to beginning net assets	-	(20,458)
Net Assets - Ending	\$ 1,927,746	\$ 1,846,948

**WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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).

The unrestricted net assets at June 30, 2008 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 2007-2008. 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 explanation of operating variances regarding the outcome of the 2007-2008 General Fund budget to actual comparison in which the overall results were unfavorable despite increased revenues.

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

Respectfully submitted by
Charles L. Karnolt, Treasurer

Basic Financial Statements

DeLeo & Company

WOODRIDGE LAKE SEWER DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

		Total Governmental Activities
<hr/>		
ASSETS		
Cash and cash equivalents	\$	65,186
Sewer assessment tax receivable		16,946
Investments		694,300
Capital assets		4,399,064
Accumulated depreciation		(3,207,365)
<hr/>		
TOTAL ASSETS		1,968,131
LIABILITIES		
Accounts payable		33,864
Accrued payroll and payroll taxes		6,521
<hr/>		
TOTAL LIABILITIES		40,385
NET ASSETS		
Investment in capital assets, net of related debt		1,191,699
Unrestricted		736,047
<hr/>		
TOTAL NET ASSETS	\$	1,927,746
<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, 2008

	General Fund
ASSETS	
Cash and cash equivalents	\$ 65,186
Sewer assessment tax receivable	16,946
Investments	694,300
TOTAL ASSETS	<u>\$ 776,432</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	\$ 33,864
Accrued payroll and payroll taxes	6,521
Deferred sewer assessment tax revenue	16,004
TOTAL LIABILITIES	<u>56,389</u>
FUND EQUITY (unreserved)	
Fund balance - designated	337,895
Fund balance - undesignated	382,148
TOTAL FUND EQUITY	<u>720,043</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 776,432</u>

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, 2008

		General Fund
REVENUES		
Taxes	\$	732,459
Interest and lien fees		6,543
Investment income		40,733
Permit fees and connection charges		12,360
Other - cell tower rent		22,280
		814,375
TOTAL REVENUES		
EXPENDITURES		
<u>Personnel</u>		
Payroll		192,915
Payroll taxes and benefits		50,859
<u>Operations</u>		
Power and heat		76,683
Vehicle operation		11,840
Chemicals		1,785
Lab supplies		1,715
Telephone/Beeper		7,863
Infiltration project		35,520
Plant equip repairs and maintenance		56,650
Collection system maintenance		139,382
Strison alarm maintenance		17,989
Other		9,601
<u>Office</u>		
Office Expenses		12,049
<u>Insurance</u>		
Insurance coverages		41,884
<u>Contingency Funds</u>		
Unanticipated expenditures		47,512
<u>Professional Fees</u>		
Legal, audit, engineering and testing		21,094
<u>Total Operating Expenses</u>		725,341
<u>Capital and Other</u>		
Capital outlay		104,622
Project coordinator		17,000
DEP mandates		2,665
		849,628
TOTAL EXPENDITURES		
Excess (deficiency) of revenues over expenditures		(35,253)
Fund Balance at beginning of year		755,296
Fund Balance at end of year	\$	720,043

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, 2008

Fund balance - governmental (general) fund \$ 720,043

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	\$ 4,399,064	
Less accumulated depreciation	<u>3,207,365</u>	1,191,699

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

16,004

Net assets of governmental activities

\$ 1,927,746

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, 2008

Net change in fund balance - governmental (general) fund \$ (35,253)

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	\$ 170,289	
Less current year depreciation	<u>58,258</u>	112,031

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.	4,020
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Change in net assets of governmental activities	<u><u>\$ 80,798</u></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, 2008**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Woodridge Lake Sewer District (the District) generally conform to U.S. generally accepted accounting principles applicable to governments. 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, 2008**

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 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.

Sewer Connection Fees

Sewer system connection fees are recorded as revenue when received.

**WOODRIDGE LAKE SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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, 2008

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, 2008:

Deposits	\$	
Demand Accounts		10,933
Certificates of Deposit		694,300
Total Deposits		<u>705,233</u>
Edward Jones – Cash Account		54,203
Petty Cash		50
Total		<u>759,486</u>
Less: Certificates of deposit due at various times during the 2008-2009 year, and classified as investments		<u>694,300</u>
Total cash and cash equivalent	\$	<u><u>65,186</u></u>

**WOODRIDGE LAKE SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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, 2008, total bank balances were \$692,728 and were covered by Federal Depository Insurance.

Cash Equivalents

At June 30, 2008, the District maintained an Edward Jones brokerage cash account for \$54,203 which was insured by the Securities Investor Protection Corporation (SPIC).

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, during 2004-2005 a minimum of \$1,000 was 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, 2008**

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 2007-2008 totaled \$58,258. 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 the year ended June 30, 2008 was as follows:

<u>Description</u>	<u>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	3,351,645	52,308	-	3,403,953
Equipment	746,131	117,980	35,000	829,111
Vehicles	56,000	-	-	56,000
Total Capital Assets being Depreciated	4,153,776	170,288	35,000	4,289,064
Less: Accumulated Depreciation	3,184,107	58,258	35,000	3,207,365
Capital Assets Being Depreciated – Net	969,669	112,030	-	1,081,699
 Total Capital Assets – Net	 \$ 1,079,669	 \$ 112,030	 \$ -	 \$ 1,191,699

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 \$12,974 were made during 2007-2008

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, 2008**

NOTE 7 - DESIGNATED FUND BALANCE:

As of June 30, 2008, 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. 2007-2008 lease expense totaled \$1,200, which included \$300 pursuant to a prior lease. The following is a schedule of future minimum lease payments:

Year	Amount
2008-2009	1,200
2009-2010	1,200
2010-2011	1,200
2011-2012	1,200
2012-2013	\$ 300
Total	<u>5,100</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 \$2,053 after other communications companies have been added to the antenna. A total of \$22,280 was collected during 2007-2008. In August 2008 the District was advised that current monthly rent would be increased to \$2,390.

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. No action has yet been taken by the State Department of Environmental Protection and the outcome of this matter is not known. It is also not known what state grant funds and/or low interest loans would be available to fund any required actions.

WOODRIDGE LAKE SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11 – EXCESS EXPENDITURES OVER APPROPRIATIONS:

For the year ended June 30, 2008 actual General Fund Expenditures of \$849,628 exceeded approved budgeted appropriations of \$759,697 by \$89,931. There were no approved additional appropriations during the year.

* * * * *

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

DeLeo&Company

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 717,937	\$ 717,937	\$ 732,459	\$ 14,522
Interest and lien fees	3,000	3,000	6,543	3,543
Investment income	35,000	35,000	40,733	5,733
Permit fees and connection charges	10,000	10,000	12,360	2,360
Other - cell tower rent	21,000	21,000	22,280	1,280
TOTAL REVENUES	786,937	786,937	814,375	27,438
EXPENDITURES				
Personnel				
Payroll	177,952	177,952	192,915	(14,963)
Payroll taxes and benefits	57,845	57,845	50,859	6,986
Operations				
Power and heat	93,000	93,000	76,683	16,317
Vehicle operation	6,500	6,500	11,840	(5,340)
Chemicals	2,000	2,000	1,785	215
Lab supplies	2,000	2,000	1,715	285
Telephone/Beeper	3,500	3,500	7,863	(4,363)
Infiltration project	100,000	100,000	35,520	64,480
Plant equip repairs and maint.	26,500	25,000	56,650	(31,650)
Collection system maint.	71,000	71,000	139,382	(68,382)
Strison alarm maint.	-	-	17,989	(17,989)
Other	7,500	9,000	9,601	(601)
Office				
Office expenses	10,900	10,900	12,049	(1,149)
Insurance				
Insurance coverages	56,500	56,500	41,884	14,616
Contingency Funds				
Unanticipated expenditures	25,000	25,000	47,512	(22,512)
Professional Fees				
Legal, audit, engineering and testing	22,500	22,500	21,094	1,406
Total Operating Expenses	662,697	662,697	725,341	(62,644)
Capital and Other				
Capital outlay	75,000	75,000	104,622	(29,622)
DEP - legal	10,000	10,000	-	10,000
DEP mandates	-	-	2,665	(2,665)
Project coordinator	12,000	12,000	17,000	(5,000)
TOTAL EXPENDITURES	759,697	759,697	849,628	(89,931)
Excess (deficiency) of revenues over expenditures	<u>\$ 27,240</u>	<u>\$ 27,240</u>	<u>(35,253)</u>	<u>\$ (62,493)</u>
Fund Balance at beginning of year			<u>755,296</u>	
Fund Balance at end of year			<u>\$ 720,043</u>	

**WOODRIDGE LAKE SEWER DISTRICT
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL - DISTRICT GENERAL FUND
JUNE 30, 2008**

NOTE:

For the year ended June 30, 2008 actual General Fund Expenditures of \$849,628 exceeded approved budgeted appropriations of \$759,697 by \$89,931. There were no approved additional appropriations during the year.

SUPPLEMENTARY FINANCIAL DATA

**WOODRIDGE LAKE SEWER DISTRICT
SEWER ASSESSMENT TAXES COLLECTED AND UNCOLLECTED BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

Uncollected Sewer Assessment Taxes June 30, 2008	Actual Collections	Sewer Assessment			Adjustments and Corrections	Uncollected Taxes July 1, 2007 and Current Billings	List Year	Totals
		Taxes	Interest	Lien Fees				
11,185	3,619	725,296	92	187	736,294	2006	\$ 751,776	
5,166	1,790	8,442	432	-	13,608	2005	\$ 751,776	
595	514	1,279	96	-	1,874	2004	\$ 751,776	
16,946	5,923	735,017	620	187	741,560	Totals	\$ 751,776	

**THE WOODRIDGE LAKE SEWER DISTRICT
SCHEDULE OF INSURANCE
June 30, 2008**

INSURANCE:

<u>Blanket Buildings and Contents</u>	\$	4,379,376	90 % 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 \$1,000 deductible

**WOODRIDGE LAKE SEWER DISTRICT
STATEMENT OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Receipts from taxation</u>	\$	741,560
<u>Property tax relief for elderly</u>		-
 <u>Total Base</u>		\$ 741,560

	\$	\$	\$	\$
	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
<u>Debt Limitation:</u>				
2-1/4 times base	1,668,510	-	-	-
4-1/2 times base	-	3,337,020	-	-
3-3/4 times base	-	-	2,780,850	-
3-1/4 times base	-	-	-	2,410,070
	1,668,510	3,337,020	2,780,850	2,410,070
<u>Total Debt Limitation</u>	1,668,510	3,337,020	2,780,850	2,410,070
 <u>Outstanding Debt</u>	-	-	-	-
 <u>Debt Limitation in Excess of Outstanding and Authorized Debt</u>	\$ 1,668,510	\$ 3,337,020	\$ 2,780,850	\$ 2,410,070

**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, 2008, which collectively comprise the Woodridge Lake Sewer District's basic financial statements and have issued our report thereon dated December 31, 2008. The report on the governmental activities was qualified because of capital asset accounting issues. Except as discussed in the preceding sentence, 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 2008-1, 2008-2 and 2008-3 and 2008-4.

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, of the significant deficiencies described above, we consider 2008-4 regarding capital asset accounting to be 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 P.C.
DeLEO & COMPANY, P.C.
Certified Public Accountants

New Milford, Connecticut
December 31, 2008

**WOODRIDGE LAKE SEWER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2008**

Internal Control – Significant Deficiencies

Finding 2008-1 Account Reconciliations

Condition – Certain general ledger accounts are not reconciled on a continuing basis.

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.

Recommendations - We continue to recommend that a routine for monthly reconciliation of all key general ledger accounts be established and that such review be documented.

Finding 2008-2 Software Security

Condition - It was noted that the commercial software (Peachtree) utilized for general ledger and payroll accounting is not password protected.

Criteria - Accounting records maintained on computer systems should be reasonably secure from unauthorized access and possible tampering.

Recommendation – We continue to recommend that passwords for authorized users be established and changed periodically.

Finding 2008-3 – 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. Their activities are not documented.

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

Recommendations – Although the above noted situation is practical under the circumstances, we recommend consideration of documenting all accounting procedures in writing, even if in outline form, and establishing a more formal system of oversight by the Board.

**WOODRIDGE LAKE SEWER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2008**

Finding 2008-4 Capital Assets - Detailed Records

Condition - Although a schedule of fixed assets is maintained, the schedule is maintained on an Excel spreadsheet which is not in a depreciation schedule format and results in an informal determination of depreciation and net book value of assets. Substantially all recent additions to the schedule have not had useful lives assigned to them, and consequently no depreciation has been recorded.

Criteria - Capital asset records as required by generally accepted accounting principles, provide information needed to control and protect them, as well as information to properly recognize the estimated costs of wear/tear and obsolescence.

Effect - Internal controls are weakened by the lack of documented procedures for maintaining capital asset records and the absence of formal accounting records.

Recommendation - We continue to recommend a more formal procedure for identifying and documenting fixed asset additions and disposals. The current spreadsheet does not properly account for fixed assets and depreciation and we continue to recommend either revising the current format or utilizing commercial software to maintain fixed asset records.

Audit Responses

Finding 2008-1 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.

Finding 2008-2 Software Security

Response – Although not yet taken, action is being considered to establish passwords.

Finding 2008-3 Account Procedures

Response – As acknowledged by the auditors, the current situation is practical under the circumstances due to the limited staff and hours worked.

**WOODRIDGE LAKE SEWER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2008**

Finding 2008-4 Capital Asset Accounting

Response – In the prior year the schedule was adjusted to drop assets with low values, and add significant pump station equipment. Although fixed assets accounting software continues to be considered, it has not yet been implemented due to other activities with more immediate priorities.