

**WOODRIDGE LAKE SEWER DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2014**

# 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 fund of Woodridge Lake Sewer District, as of and for the year ended June 30, 2014, 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 fund of Woodridge Lake Sewer District, as of June 30, 2014, 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 19 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, the schedule of insurance, 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 October 1, 2014, 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 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 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  
October 9, 2014

**WOODRIDGE LAKE SEWER DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

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 encompassing approximately 20 square miles surrounding Woodridge Lake in Goshen, Connecticut. The following narrative is an overview and analysis of the financial activities for the fiscal year ended June 30, 2014 and a forward perspective.

**Financial Summary:**

WLS D net assets at June 30, 2014 consisted of net investment in capital assets of \$1,417,501 compared to last year of \$1,481,488 and unrestricted reserves of \$1,001,248 compared to last year of \$992,226.

WLS D operations and capital requirements are provided under an annual budget authorized and approved by the District taxpayers each year. WLS D primary revenue is the annual mill rate applied to the assessed property values maintained by the Town of Goshen for the properties served by the WLS D. The District developed a Scope of Work ("SOP") to update our Facilities Plan to deal with outstanding issues with the Department of Energy and Environmental Protection ("DEEP"). WLS D had planned to complete the SOP during the summer of 2014; however the plan has now been extended into 2016. This resulted in a lower spending rate than budgeted and resulted in a favorable variance of \$1,368,228 as of June 30, 2014.

**Explanation of Revenue Variances:**

The total revenue collected was \$1,217,999, resulting in the favorable variance of \$143,558 to the budget of which \$125,965 was grant income from the Clean Water Act with additional favorable variances of \$17,593 due to higher than budgeted fees from sewer assessment taxation and connection charges. The District has put in place a proactive delinquent collections process. The current outstanding amount of \$17,351 is with a State Marshal who is dealing with eleven taxpayers and we have agreed payment plans with six taxpayers.

**Explanation of Operating Variances:**

The overall Operating Budget actual expenditure was \$704,936, resulting in the favorable variance of \$110,542 to the budget.

Personnel - Staff headcount was at the budgeted level for most of the year however the actuals were under the budgeted levels, one employee was on a medical disability, overtime and health insurance were under budget causing a combined \$70,153 favorable variance.

Operations – Under spending in Facilities, Plant and Collection System Maintenance produced a \$9,758 favorable variance.

Insurance - Produced an unfavorable variance of \$10,879 as a result of higher than anticipated commercial insurance rates.

Professional Fees - Produced a favorable variance of \$16,510 resulting from less than budgeted use of legal counsel.

Contingency – Was not utilized producing a favorable variance of \$25,000.

Grant Receivable on the balance sheet was for Clean Water Funds applied for from the State in the amount of \$11,588.

Accounts Payable on the balance sheet was for payments to our engineering firm for work performed and billed but not yet paid pending receipt of the outstanding Grant from the State in the amount of \$61,923.

**WOODRIDGE LAKE SEWER DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

**Explanation of Capital Projects:**

The Capital Budget actual expenditure was \$491,124 of which the state paid \$125,965. Our planned expenditures of \$1,739,105 were less than plan by \$1,247,981. The major reason for the underspending was the need to have an established solution agreed to by the DEEP before proceeding. This resulted in deferring of both the local option or the regional solution and the expenditure of the \$600,000 in the planned engineering design costs to a later period. The planned I&I and pump station projects were delayed while we obtained favorable financing from the USDA and they completed their design review process, this resulted in an under expenditure of \$897,278 for this period. The facilities planning projects were slightly under budget by \$40,183. The district was required to refurbish two pump stations and repair two sewer lines on an unplanned emergency basis resulting in over budget expenses of \$195,349.

**Looking Forward:**

In the process of developing a new Facilities Plan for the Woodridge Lake Sewer District (WLS D), the WLS D's consulting engineers Woodard and Curran (W&C) inspected the WLS D's 16 miles of sewer pipe and recommended repairs. Several of those problems were deemed serious by W&C and the WLS D solicited bids for this work and executed the repairs in the fall of 2013 and the spring of 2014. Due to variations in seasonal rainfall it is difficult to be certain, but it appears that these repairs to our sewer pipe have had a significant effect on the amount of infiltration and inflow (I/I) of water into our collection system.

In 2012, the taxpayers of the WLS D approved a project estimated at \$983,000, to reduce the I/I into our collection system and upgrade our pumping stations. The Connecticut Department of Energy and Environmental Protection (DEEP) agreed to fund this project with a 20 year loan at 2%. Subsequently, the Board secured funding for this project and preliminary planning and engineering totaling \$1,230,000 from the United States Department of Agriculture-Rural Development (USDA-RD). Since the terms of this funding at a 45% grant and a 40 year loan at 3.25%, were deemed superior to the DEEP funding, the WLS D executed agreements with the USDA-RD to proceed with the project. Competitive bids, in accordance with USDA-RD regulations have been prepared, and we expect to execute these projects in the spring of 2015. We are exploring whether some DEEP funding might still be combined with the USDA-RD funding.

In the summer of 2013, the WLS D submitted a summary of its proposed new Facilities Plan to replace its sewer treatment plant with a new plant on-site, to DEEP. DEEP requested additional information, which was provided. In April of 2014, DEEP staff wrote to WLS D, that they could not accept our proposed new Facilities plan and preferred that we build a pipeline and pumping stations to send our effluent to Torrington for treatment. Board members, W&C and our environmental lawyers met with DEEP to determine what upgrades to our proposed new on-site plant would be required for DEEP to accept that solution for a new Facilities Plan, rather than the Torrington option. DEEP indicated it would require upgrades to the proposed new treatment plant so that the plant would produce "drinking water quality" wastewater after treatment, as well as upgrades to our after-treatment wastewater disposal fields.

W&C had in the past estimated the capital cost of the new on-site plant at \$11.5million dollars and the capital cost of the Torrington option at \$20.5million. W&C now estimates the on-site plant at \$15.8million with the new DEEP requirements. DEEP also wants additional testing of our disposal fields to assure that there will be no "breakout of wastewater" after it is discharged into our disposal fields. We have been discussing the nature of the testing with DEEP.

**WOODRIDGE LAKE SEWER DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

Since the difference in the capital cost between the Torrington option and the on-site option has narrowed considerably as a result of the new DEEP requirements, the Board has determined to further refine the costs of the Torrington option. Alternative routes to Torrington are being considered, the cost of pumping stations, excavation, road repairs and other elements of that project are being reviewed. Since Torrington currently treats some of the wastewater from Harwinton and Litchfield, we are reviewing Torrington's contracts with those municipalities, to secure a better estimate of Torrington's likely charges to treat our effluent. We are also aware that DEEP has required major upgrades to Torrington's treatment plant which are scheduled to be voted on by Torrington taxpayers in November. These upgrades will likely increase Torrington's charges to treat our wastewater.

In July, DEEP published its Clean Water Act funding list for fiscal year 2015. The WLSD's Facilities Plan (when approved by DEEP) was included in this official announcement at a \$14million loan and a 25% grant. We are also discussing with USDA-RD, funding that might be available.

Lastly, on July 26, the WLSD Board held a Special Meeting to present to the taxpayers of the WLSD the estimated costs of replacing its treatment plant with a new treatment plant and estimated costs of the Torrington option. The presentation included the costs to individuals of each option. The presentation has been posted on the WLSD's website.

**WOODRIDGE LAKE SEWER DISTRICT**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2014**

	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 818,705
Investments	210,824
Sewer assessment tax receivable	20,689
Grant receivable	11,588
Prepaid expense	15,837
Capital assets	4,545,090
Accumulated depreciation	<u>(3,127,589)</u>
<b>Total assets</b>	<b><u>\$ 2,495,144</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 61,923
Accrued payroll and payroll taxes	<u>14,472</u>
<b>Total liabilities</b>	<b><u>76,395</u></b>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	1,417,501
Unrestricted	<u>1,001,248</u>
<b>Total net assets</b>	<b><u>\$ 2,418,749</u></b>

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

**WOODRIDGE LAKE SEWER DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities					
General Government	\$ 1,162,743	12,360	\$ 125,965		\$ (1,024,418)
Depreciation (unallocated)	109,415				(109,415)
<b>Total governmental activities</b>	<u>1,272,158</u>	<u>12,360</u>	<u>125,965</u>	<u>-</u>	<u>(1,133,833)</u>
<b>General revenues</b>					
Sewer assessment taxes, interest, and fees					1,042,212
Cell tower rental and other					34,710
Unrestricted investment earnings					1,946
Loss on disposal of assets					<u>-</u>
<b>Total general revenues</b>					<u>1,078,868</u>
Change in net assets					(54,965)
<b>Net assets - beginning</b>					<u>2,473,714</u>
<b>Net assets - ending</b>					<u>\$ 2,418,749</u>

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

**WOODRIDGE LAKE SEWER DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL (GENERAL) FUND**  
**JUNE 30, 2014**

	<b>General Fund</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 818,705
Investments	210,824
Sewer assessment tax receivable	20,689
Grant receivable	11,588
Prepaid expenses	15,837
<b>Total assets</b>	<b>\$ 1,077,643</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 61,923
Deferred sewer tax revenue	18,943
Accrued payroll and payroll taxes	14,472
<b>Total liabilities</b>	<b>95,338</b>
<b>FUND BALANCES</b>	
Fund balance - committed	758,295
Fund balance - unassigned	224,010
<b>Total fund balances</b>	<b>982,305</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,077,643</b>

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 (GENERAL) FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>
<b>REVENUE</b>	
Sewer assessment taxation	\$ 1,043,018
Intergovernmental grant	125,965
Investment income	1,946
Other	34,710
Sewer permit fees / connection charge	<u>12,360</u>
<b>Total revenues</b>	<u>1,217,999</u>
<b>EXPENDITURES</b>	
<u>Personnel</u>	
Payroll	\$ 298,987
Payroll taxes and employee benefits	108,760
<u>Operations</u>	
Power and heat	66,233
Vehicle operation	11,522
Chemicals and supplies	4,094
Telephone/beepers	3,297
Plant equipment - repair and maintenance	27,789
Collection system - repairs and maintenance	20,011
Other maintenance and miscellaneous	21,021
Strison alarm and maintenance	6,257
Manhole raisings	6,600
<u>Office</u>	
Office trailer lease	4,426
Office expenses	11,392
<u>Insurance</u>	
Insurance coverage	66,657
<u>Professional fees</u>	
Legal, audit, engineering and testing and other	47,890
<u>Debt service</u>	
Capital lease	12,111
<u>Capital outlay</u>	
Capital outlay	<u>491,124</u>
<b>Total expenditures</b>	<u>1,208,171</u>
<b>Excess (Deficiency) of revenues over expenditures</b>	9,828
<b>Fund Balance - Beginning of year</b>	<u>972,477</u>
<b>Fund Balance - End of year</b>	<u>\$ 982,305</u>

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

**WOODRIDGE LAKE SEWER DISTRICT**  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL (GENERAL) FUND TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2014

<b>Fund balance - governmental (general) fund</b>	<b>\$ 982,305</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in government activities are not financial resources and therefore are not reported in the governmental fund.	
Governmental capital assets	\$ 4,545,090
Less accumulated depreciation	<u>(3,127,589)</u>
	1,417,501
Uncollected sewer assessment taxes not available to pay for current period expenditures are deferred in the governmental fund.	<u>18,943</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 2,418,749</u></u></b>

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 (GENERAL) FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

**Net change in fund balance - governmental (general) fund** \$ 9,828

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 amount by which depreciation expense exceeds capital expenditures.

Total capital outlay	\$	491,124	
Less: portion expensed		457,547	
Portion capitalized		33,577	
Less: current year depreciation		109,415	(75,838)

Governmental funds report capital lease repayments as debt service expenditures. However only the interest portion of the expenditures are reported in the statement of activity. (Interest charged to expense was \$260) 11,851

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 (806)

**Changes in net assets of governmental activities** \$ (54,965)

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

# WOODRIDGE LAKE SEWER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### 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 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 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.

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.

# WOODRIDGE LAKE SEWER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### 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 lienied 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, 2014

### 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.

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

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

Page 10 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 11 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.

**WOODRIDGE LAKE SEWER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS:**

Cash and cash equivalents consist of the following accounts at June 30, 2014:

Deposits	
Demand accounts	\$ 316,907
Certificates of deposit	501,748
Total deposits	<u>818,655</u>
Petty cash	<u>50</u>
Total cash and cash equivalents	<u>\$ 818,705</u>

Investments consist of a bank certificate of deposit totaling \$210,824 with a maturity date longer than three months.

**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, 2014, total bank balances were \$1,056,544. A total of \$961,953 was insured under the Federal Depository Insurance Corporation.

The balance, \$94,591, was uninsured and exposed to custodial credit risk which is defined as the risk, that in event of a bank failure, the District's deposits might not be recovered.

A total of \$93,972 of the uninsured amount is collateralized with securities held by the financial institution, its trust department or agent, but not in the District's name.