

**Woodridge Lake Sewer District
113 Brush Hill Road, P.O. Box 258
Goshen, CT 06756**

May 10, 2013

Subject: Proposed Woodridge Lake Sewer District Budget 2013/2014

To All Woodridge Lake Sewer District Taxpayers:

Recommendation: The Board recommends a change in the mil rate for 2013/2014 to account for a decrease in other revenue and an increase in the operating expenses totaling \$79,000. The mil rate this year is impacted by two conditions: first, the reduction in the assessed real estate values (the grand list) from \$285,135,380 to \$239,404,950. To be revenue neutral the mil rate needs to rise from 3.3 to 3.9 to raise the same revenue as last year. The proposed budget requires that the mil rate be increased an additional 0.4 mils to 4.3 mils. This increase of 9% in taxes is the first increase in three years. This recommendation provides funding for the completion of additional engineering work as part of a long-term solution to the disposal of our wastewater. We continue to work with our engineering consultant Woodard & Curran and CT DEEP to agree on a solution to disposing our wastewater through either an upgrade to our plant and disposal fields or to pipe our wastewater to Torrington. It remains the Board's judgment that until we have clarity on our options and their costs we should make every effort to minimize any tax increases.

2012/2013 Revenue and Expense Overview: The revised 2012/2013 budgets approved last year provided for operating revenue of \$990,946 and expenditures of \$751,244 with a projected surplus of \$239,703 to be applied to an expenditure of \$1,320,309.80 in projects. Our forecast as of June 30, 2013 anticipates year-end results better than plan by \$23,523 and we will have spent \$219,799 for projects. The details of the budget performance can be found in an attached schedule. As a result of slow completion of the Woodard & Curran engineering projects, we are projecting the project budget to be under plan by \$1,109,904 that still needs to be completed. Currently we are projecting an ending Fund Balance of \$994,729 as of June 30, 2013. This is an increase of \$69,824 from a year ago. For more detailed financial information about 2012 / 2013, please review the enclosed material, which reflects the year to date revenue and expenses and forecasts for expenditures for the year ending June 30, 2013.

2013/2014 Budget and Activities: We are requesting approval of operating budget revenue of \$1,074,441 and expenditures of \$835,178 with a surplus of \$249,263. The increase in the operating budget is primarily the result of the full-year-effect of one new employee hired last year as well as increases in benefit expenses for all employees and insurance costs partially off-set by reduced costs in other operations. The capital projects budget is proposing to spend \$1,751,216. The major activity for the coming year will involve finishing the Scope of Work project, analyzing the results, negotiating a solution with the DEEP and bringing that information with recommendations to the community. In addition, we will be planning and implementing major repairs to the collection system. This spring we completed the flow isolation testing on the remainder of the collection system. The results suggested that it would be prudent to closed-circuit television ("CCTV") the entire collection system, which was approved by the Board. We have obtained assurances that this additional effort will be grant funded with the DEEP. This CCTV work will be completed by the end of June after which a comprehensive repair plan will be developed. The expanded groundwater test results have now been fully analyzed to determine the capacity of our disposal beds. We

have obtained assurances that our expanded ground water testing efforts will be grant funded with the DEEP. Woodard & Curran is reviewing the options of continued use of our plant and disposal beds including the necessary and mandated upgrades to make them acceptable to DEEP. Finally, the regionalization study looking at building a pipeline to ship our waste to the Torrington treatment plant is being completed. Negotiations are beginning with the DEEP. No major plant upgrades to the plant are planned for the coming year until the Board reaches an acceptable agreement with DEEP. We will, of course, be performing necessary maintenance while in this "status quo" mode.

The proposed budget anticipates the approval of our funding for a Clean Water Fund 20 year loan in the amount of \$983,000 for the planned Inflow & Infiltration remediation and the pump station and SCADA (supervisory control and data acquisition) system projects. We anticipate their approval and funding by December of 2013 at which time we will begin repaying loan installments totaling \$24,529 through June 30, 2014. For budgeting purposes we are anticipating that we will reach an agreement to move forward with plant improvements by January 2014 and have developed a forecast of engineering work as a place holder totaling \$600,000 during the year. These funds for engineering work would be eligible for Clean Water Funds later in the process. We are projecting a Fund Balance of \$475,776 as of June 30, 2014.

Future Capital Needs: The Board will keep the taxpayers up to date on the Scope of Work projects and discussions with DEEP through written notices and community meetings. Ultimately, the Board will hold a public meeting to discuss alternative solutions and the required capital to implement the solution selected. The capital funding is expected to come from several sources, namely: grants, low interest long- term loans and possibly a municipal bond issue. User tax revenue will be required to be dedicated to pay off the principal and interest on these debt obligations via a method yet to be determined, which will be discussed in the public meeting with the taxpayers later this summer.

2012/2013 Mil Rate: The Board recommends a mil rate of 4.30 based on the assessed value of the grand list of \$239,404,950. This \$79,000 increase in taxes allows us to fund the operating expense increase and to partially fund the remaining engineering projects as we continue to address issues in an effort to meet DEEP requirements.

Budget Meeting and Approval: The budget vote is scheduled for Saturday, May 25, 2013 at 9:30 AM at the Woodridge Lake Club House. Please plan to attend.

WLSB Board

**2012 2013 Full Year Operating
Budget Forecast as of 4/30/13**

Account Description	Account Type	Projected Total	Budget	Over/Under Budget	Budget Sub-Groups	Projected (Over) / Under Budget Amount
SEWER TAXES	Income	\$941,488.50	\$940,946.75	\$541.75		
SEWER TAXES BACK	Income	\$24.00	\$0.00	\$24.00		
INTEREST BACK TAXES	Income	\$11,113.76	\$10,000.00	\$1,113.76		
INT SAVINGS/INVESTMENTS	Income	\$1,922.26	\$3,000.00	-\$1,077.74		
SEWER PERMIT FEES/CON.CHG	Income	\$4,120.00	\$6,000.00	-\$1,880.00		
CELL TOWER RENTAL	Income	\$32,495.59	\$30,000.00	\$2,495.59		
LIEN FEES	Income	\$1,019.90	\$1,000.00	\$19.90	Revenue	\$1,237.26
PAYROLL	Expenses	\$174,784.39	\$171,000.00	\$3,784.39		
PLANT SUPERINTENDENT	Expenses	\$91,198.00	\$90,090.00	\$1,108.00		
PAYROLL - OVERTIME	Expenses	\$25,740.54	\$27,000.00	-\$1,259.46		
PAYROLL TAXES	Expenses	\$24,094.74	\$29,100.00	-\$5,005.26		
FRINGE BENEFITS-PENSION EXP	Expenses	\$28,378.63	\$22,900.00	\$5,478.63		
HEALTH & DENTAL INSURANCE	Expenses	\$46,639.89	\$44,300.00	\$2,339.89		
FRINGE-LTD/LIFE/MISC	Expenses	\$5,639.04	\$3,870.60	\$1,768.44	Personnel	\$8,214.63
POWER	Expenses	\$62,850.00	\$70,000.00	-\$7,150.00		
HEATING OIL	Expenses	\$4,763.98	\$7,500.00	-\$2,736.02		
FUEL/AUTOMOTIVE	Expenses	\$6,304.43	\$6,300.00	\$4.43		
VEHICLE REPAIR & MAINTENANCE	Expenses	\$4,018.38	\$2,000.00	\$2,018.38		
CHEMICALS & SUPPLIES	Expenses	\$5,981.83	\$4,000.00	\$1,981.83		
TELEPHONE/ANS/BEEPER	Expenses	\$2,907.01	\$3,600.00	-\$692.99		
PLANT EQUIPMENT REPAIR/MAINT	Expenses	\$43,651.94	\$30,000.00	\$13,651.94		
COLLECTION SYST REPAIR/MAINT	Expenses	\$33,295.81	\$25,000.00	\$8,295.81		
EQUIPMENT RENTAL	Expenses	\$0.00	\$100.00	-\$100.00		
MEMBERSHIP FEES/BOOKS	Expenses	\$1,153.00	\$1,500.00	-\$347.00		
SAFETY EQUIPMENT	Expenses	\$988.17	\$1,900.00	-\$911.83		
MISCELLANEOUS	Expenses	\$202.96	\$1,100.00	-\$897.04		
PLANT PROTECTION COSTS	Expenses	\$1,127.00	\$1,500.00	-\$373.00		
CLEANING SUPPLIES	Expenses	\$575.53	\$1,000.00	-\$424.47		
TRAINING/RECERTIFICATION	Expenses	\$1,132.00	\$1,200.00	-\$68.00		
REFUSE COLLECTION PICKUP	Expenses	\$1,300.61	\$1,500.00	-\$199.39		
SMALL TOOLS	Expenses	\$529.48	\$2,100.00	-\$1,570.52		
LAWN MOWING & PLOWING	Expenses	\$12,750.00	\$20,400.00	-\$7,650.00		
STRISON ALARM/MAINT	Expenses	\$5,748.96	\$5,000.00	\$748.96	Operations	\$224.23
OFFICE TRAILER LEASE/SET-UP	Expenses	\$4,424.95	\$4,090.00	\$334.95		
OFFICE EXPENSE	Expenses	\$0.00	\$100.00	-\$100.00		
OFFICE EXP-POSTAGE	Expenses	\$1,997.97	\$2,000.00	-\$2.03		
OFFICE EXP-OFFICE SUPPLIES	Expenses	\$3,339.91	\$3,000.00	\$339.91		
OFFICE EXP-TAX COLL SUPP	Expenses	\$4,922.50	\$4,000.00	\$922.50		
OFFICE EXP-LEGAL NOTICE	Expenses	\$628.12	\$1,000.00	-\$371.88		
OFFICE EXP-LIEN FEES	Expenses	\$797.00	\$500.00	\$297.00		
OFFICE EXP-TRAVEL	Expenses	\$89.10	\$0.00	\$89.10		
WEBSITE DEV/MAINT	Expenses	\$50.00	\$300.00	-\$250.00		
LEASED EQUIPMENT	Expenses	\$1,286.78	\$1,600.00	-\$313.22		
BANK FEES	Expenses	\$1.00	\$0.00	\$1.00	Office	\$947.33
INSURANCE-COMMERCIAL	Expenses	\$23,640.00	\$23,000.00	\$640.00		
INSURANCE-UMBRELLA INS.	Expenses	\$7,354.00	\$7,500.00	-\$146.00		
INSURANCE-OFFICERS&DIRECTORS	Expenses	\$0.00	\$0.00	\$0.00		
INSURANCE-WORKERS COMP	Expenses	\$21,764.00	\$22,600.00	-\$836.00		
INSURANCE-ENVIRONMENTAL	Expenses	\$0.00	\$0.00	\$0.00	Incurance	-\$342.00
INTEREST EXPENSE	Expenses	\$9,702.64	\$9,193.00	\$509.64		
PROF.FEES-LEGAL FEES/REG.MHS	Expenses	\$40,810.98	\$45,000.00	-\$4,189.02		
AUDITING/ACCOUNTING FEES	Expenses	\$13,577.25	\$15,000.00	-\$1,422.75		
PROF.FEES-COMPUTER SUPP&MAINT	Expenses	\$4,282.18	\$5,000.00	-\$717.82	Prof Fees	-\$6,329.59
SEWER INSPECTION FEES	Expenses	\$312.50	\$2,400.00	-\$2,087.50		
MANHOLE RAISING CS	Expenses	\$4,221.00	\$6,000.00	-\$1,779.00		
CONTINGENCY FUND	Expenses	\$0.00	\$25,000.00	-\$25,000.00	Other	-\$25,000.00
Revenue		992,184.01	990,946.75	1,237.26		\$1,237.26
- Expenses		-728,958.20	-751,243.60	22,285.40		22,285.40
Net Income		263,225.81	239,703.15	23,522.66		23,522.66

Proposed 2013/2014 Operating Budget

Account Description	Account Type	2012/2013 Budget	2012/2013 Projected	2013/2014 Proposed Budget	New Budget Over (Under) Prior Budget	Budget Sub-Groups	New Budget Over (Under)
SEWER TAXES	Income	\$940,946.75	\$941,488.50	\$1,029,441.29	\$88,494.54	Tax Increase	\$88,494.54
SEWER TAXES BACK	Income	\$0.00	\$24.00	\$0.00	\$0.00		
INTEREST BACK TAXES	Income	\$10,000.00	\$11,113.76	\$5,000.00	-\$5,000.00		
INT SAVINGS/INVESTMENTS	Income	\$3,000.00	\$1,922.26	\$2,000.00	-\$1,000.00		
SEWER PERMIT FEES/CON.CHG	Income	\$6,000.00	\$4,120.00	\$4,000.00	-\$2,000.00		
CELL TOWER RENTAL	Income	\$30,000.00	\$32,495.59	\$33,000.00	\$3,000.00		
LIEN FEES	Income	\$1,000.00	\$1,019.90	\$1,000.00	\$0.00	Other Revenue	-\$5,000.00
PAYROLL	Expenses	\$171,000.00	\$174,784.39	\$229,000.00	\$58,000.00		
PLANT SUPERINTENDENT	Expenses	\$90,090.00	\$91,198.00	\$100,000.00	\$9,910.00		
PAYROLL - OVERTIME	Expenses	\$27,000.00	\$25,740.54	\$27,000.00	\$0.00		
PAYROLL TAXES	Expenses	\$29,100.00	\$24,094.74	\$30,000.00	\$900.00		
FRINGE BENEFITS-PENSION EXP	Expenses	\$22,900.00	\$28,378.63	\$24,900.00	\$2,000.00		
HEALTH & DENTAL INSURANCE	Expenses	\$44,300.00	\$46,639.89	\$62,000.00	\$17,700.00		
FRINGE-LTD/LIFE/MISC	Expenses	\$3,870.60	\$5,639.04	\$5,000.00	\$1,129.40	Personnel	\$89,639.40
POWER	Expenses	\$70,000.00	\$62,850.00	\$63,000.00	-\$7,000.00		
HEATING OIL	Expenses	\$7,500.00	\$4,763.98	\$5,000.00	-\$2,500.00		
FUEL/AUTOMOTIVE	Expenses	\$6,300.00	\$6,304.43	\$6,300.00	\$0.00		
VEHICLE REPAIR & MAINTENANCE	Expenses	\$2,000.00	\$4,018.38	\$4,000.00	\$2,000.00		
CHEMICALS & SUPPLIES	Expenses	\$4,000.00	\$5,981.83	\$6,000.00	\$2,000.00		
TELEPHONE/ANS/BEEPER	Expenses	\$3,600.00	\$2,907.01	\$3,000.00	-\$600.00		
PLANT EQUIPMENT REPAIR/MAINT	Expenses	\$30,000.00	\$43,651.94	\$30,000.00	\$0.00		
COLLECTION SYST REPAIR/MAINT	Expenses	\$25,000.00	\$33,295.81	\$25,000.00	\$0.00		
EQUIPMENT RENTAL	Expenses	\$100.00	\$0.00	\$0.00	-\$100.00		
MEMBERSHIP FEES/BOOKS	Expenses	\$1,500.00	\$1,153.00	\$1,500.00	\$0.00		
SAFETY EQUIPMENT	Expenses	\$1,900.00	\$988.17	\$1,000.00	-\$900.00		
MISCELLANEOUS	Expenses	\$1,100.00	\$202.96	\$200.00	-\$900.00		
PLANT PROTECTION COSTS	Expenses	\$1,500.00	\$1,127.00	\$1,200.00	-\$300.00		
CLEANING SUPPLIES	Expenses	\$1,000.00	\$575.53	\$600.00	-\$400.00		
TRAINING/RECERTIFICATION	Expenses	\$1,200.00	\$1,132.00	\$1,200.00	\$0.00		
REFUSE COLLECTION PICKUP	Expenses	\$1,500.00	\$1,300.61	\$1,300.00	-\$200.00		
SMALL TOOLS	Expenses	\$2,100.00	\$529.48	\$600.00	-\$1,500.00		
LAWN MOWING & PLOWING	Expenses	\$20,400.00	\$12,750.00	\$13,000.00	-\$7,400.00		
STRISSON ALARM/MAINT	Expenses	\$5,000.00	\$5,748.96	\$6,000.00	\$1,000.00	Operations	-\$17,493.00
OFFICE TRAILER LEASE/SET-UP	Expenses	\$4,090.00	\$4,424.95	\$4,400.00	\$310.00		
OFFICE EXPENSE	Expenses	\$100.00	\$0.00	\$0.00	-\$100.00		
OFFICE EXP-POSTAGE	Expenses	\$2,000.00	\$1,997.97	\$2,000.00	\$0.00		
OFFICE EXP-OFFICE SUPPLIES	Expenses	\$3,000.00	\$3,339.91	\$3,300.00	\$300.00		
OFFICE EXP-TAX COLL SUPP	Expenses	\$4,000.00	\$4,922.50	\$5,000.00	\$1,000.00		
OFFICE EXP-LEGAL NOTICE	Expenses	\$1,000.00	\$628.12	\$600.00	-\$400.00		
OFFICE EXP-LIEN FEES	Expenses	\$500.00	\$797.00	\$800.00	\$300.00		
OFFICE EXP-TRAVEL	Expenses	\$0.00	\$89.10	\$100.00	\$100.00		
WEBSITE DEV/MAINT	Expenses	\$300.00	\$50.00	\$0.00	-\$300.00		
LEASED EQUIPMENT	Expenses	\$1,600.00	\$1,286.78	\$1,300.00	-\$300.00		
BANK FEES	Expenses	\$0.00	\$1.00	\$0.00	\$0.00	Office	\$910.00
INSURANCE-COMMERCIAL	Expenses	\$23,000.00	\$23,640.00	\$24,304.00	\$1,304.00		
INSURANCE-UMBRELLA INS.	Expenses	\$7,500.00	\$7,354.00	\$8,224.00	\$724.00		
INSURANCE-OFFICERS&DIRECTORS	Expenses	\$0.00	\$0.00	\$0.00	\$0.00		
INSURANCE-WORKERS COMP	Expenses	\$22,600.00	\$21,764.00	\$23,250.00	\$650.00	Insurance	\$2,678.00
INSURANCE-ENVIRONMENTAL	Expenses	\$0.00	\$0.00	\$0.00	\$0.00		
INTEREST EXPENSE	Expenses	\$9,193.00	\$9,702.64	\$9,700.00	\$507.00		
PROF.FEES-LEGAL FEES/REG.MHS	Expenses	\$45,000.00	\$40,810.98	\$45,000.00	\$0.00		
AUDITING/ACCOUNTING FEES	Expenses	\$15,000.00	\$13,577.25	\$14,000.00	-\$1,000.00		
PROF.FEES-COMPUTER SUPP&MAINT	Expenses	\$5,000.00	\$4,282.18	\$4,200.00	-\$800.00	Prof Fees	-\$1,800.00
SEWER INSPECTION FEES	Expenses	\$2,400.00	\$312.50	\$1,200.00	-\$1,200.00		
MANHOLE RAISING CS	Expenses	\$6,000.00	\$4,221.00	\$6,000.00	\$0.00		
CONTINGENCY FUND	Expenses	\$25,000.00	\$0.00	\$25,000.00	\$0.00	Other	\$0.00
Revenue		\$990,946.75	\$992,184.01	\$1,074,441.29	\$83,494.54		-\$5,000.00
- Expenses		-\$751,243.60	-\$728,958.20	-\$825,178.00	-\$73,934.40		-\$73,934.40
Net Income		\$239,703.15	\$263,225.81	\$249,263.29	\$9,560.14		-\$78,934.40
Mil Rate		3.3	3.9	4.3			
Grand List		\$285,135,380	\$239,404,950	\$239,404,950			
Taxes Collected		\$940,946.75	\$933,679.31	\$1,029,441.29			

PROJECT BUDGET SUMMARY

	2012/2013	2012/2013	2012/2013	June 30, 2014
Expenditures:	Plan	Revised Plan	Actual (Over) / Under Plan	Projected Actual
Original DEEP Scope of Services	\$45,127.00	\$221,127.00	\$139,045.05	\$41,590.08
DEEP Approved I & I Investigation \$120,750 Ament #1	\$41,962.50	\$41,962.50	\$7,016.82	\$27,277.13
Additional I & I Investigation \$32,750 Ament #2	\$14,737.50	\$14,737.50	\$14,737.50	\$12,375.06
Additional TV of the Entire System \$40,000 Not DEEP Funded	\$0.00	\$0.00	\$0.00	\$18,333.43
Ground Water Additional Costs not DEEP funded	\$12,370.00	\$12,370.00	\$12,370.00	\$55,000.29
Clear Remaining Right of Ways	\$35,000.00	\$35,000.00	\$1,400.00	\$0.00
I & I Remediation 4/30/12 Estimate	\$459,626.00	\$474,001.00	\$474,001.00	\$432,165.00
I & I Remediation Increase 8/16/12 (changed to Engineering)	\$0.00	\$55,000.00	\$55,000.00	\$96,835.33
SCADA System (Engineering/Equipment/Programming)	\$0.00	\$354,000.00	\$331,000.00	\$330,930.25
Pump Station Construction	\$0.00	\$100,000.00	\$100,000.00	\$100,070.00
Tractor lease	\$12,111.00	\$12,111.00	\$0.00	\$12,111.00
Lawn Mower Sale to the Town of Goshen	\$0.00	\$0.00	\$1,200.00	\$0.00
Plant Roof Replaced	\$0.00	\$0.00	(\$11,470.00)	\$0.00
Plant Pump #1 Emergency Rebuild	\$0.00	\$0.00	(\$23,790.00)	\$0.00
Plant Upgrade Engineering Design	\$0.00	\$0.00	0.00	\$600,000.00
Long Term Loan Paydown of Principal	\$9,393.80	\$9,393.80	\$9,393.80	\$24,528.63
Total Budgeted Capital Expenditures	\$630,327.80	\$1,329,702.80	\$1,109,904.18	\$1,751,216.20

Clean Water Fund Loan Drawdown		\$983,000.58
Loan Servicing (Principal + Interest)		\$24,528.63
Starting Fund Balance June 30, 2012	\$924,905.00	
Starting Fund Balance June 30, 2013		994,729.20
Revenue		\$1,074,441.03
Operating Expenses		(\$825,177.77)
Capital Expenses		(\$1,751,216.20)
Clean Water Fund Loan Drawdown		\$983,000.58
Ending Fund Balance June 30, 2014		\$475,776.84