

**Woodridge Lake Sewer District
113 Brush Hill Road
Goshen, CT 06756**

May 9, 2011

Subject: Proposed Woodridge Lake Sewer District Budget 2011/2012

Dear Woodridge Lake Sewer District Taxpayers:

Recommendation: The Board recommends no change in the mil rate for 2011/2012 from the 3.30 mil rate in effect for 2010/2011. This recommendation stems from current economic conditions, minimal changes in the grand list, and importantly, because we are working with the State DEP to define the significant and expensive upgrades to our Plant that will be required to meet State standards. It is the Board's judgment that until we have clarity on those requirements and the costs to taxpayers, we should make every effort to maintain the current mil.

2010/2011 Revenue and Expense Overview: The approved 2010/2011 budget provided for a \$208,415 deficit of expenses (operating and capital) over expected revenues, to be funded from the WLSD's substantial \$791,409 Reserve, as of June 30, 2010. As a result of a modest increase in collected revenues and a strenuous effort by management and the Board to control expenditures, we now project the overall deficit of expenditures over revenues will be only \$1,835 to be funded by the WLSD Reserves. Operating expenses are expected to be \$164,409 better than budgeted and Capital expenses are expected to be \$42,121 better than budget.

This result was achieved despite significant unplanned expenditures working with the DEP, selecting and hiring our consultant Woodward and Curran, making presentations and securing the approval of the taxpayers and the DEP to a Scope of Work project for the coming year. These expenses totaled \$132,208, although much of it was one time costs, which should not be repeated.

2010/2011 Activities: The Board successfully partnered with the DEP to jointly fund the Scope of Work project to analyze cost effective alternatives for the WLSD to comply with current State environmental regulations pertaining to sewage treatment. In addition the Board focused on improving the productivity of plant operations, strengthening financial controls and initiating several capital projects to rebuild the aging plant infrastructure. The Board now has a more detailed expense history to analyze and further control expenses in future budget cycles.

The Board also focused on collecting delinquent taxes, which increased over prior years, due to the poor economy and the loss of jobs throughout Connecticut. Tax collections are improving based on more inter-action with taxpayers. We believe more timely collections will be the norm in the future.

Major capital projects involved tertiary system rebuild, plant road repair and Woodward& Curran consulting for DEP meetings and the beginning of the Scope of Work project.

For more detailed information, please review the enclosed material, which reflects the year to date revenue and expenses and forecasts for expenditures for the year ending June 30, 2010.

2011/2012 Activities and Budget: We expect that the major activity of the coming year will involve implementing and analyzing the results of the Scope of Work project and discussions with the DEP over the necessary and required upgrades to our Plant. This project represents 13% of our overall budget for next year. The DEP has agreed to fund 55% of the approximately \$565,000 Scope of Work project costs. No major Plant upgrades are planned for the coming year until we are clear on the requirements of the DEP to upgrade the Plant. We will, of course, be performing necessary maintenance, while in this “status quo” mode.

Other major new costs in the proposed 2011/2012 budget, include necessary additional insurance coverage, increased fringe benefit costs and the costs of environmental counsel to assist us with the many legal and legislative issues involved in determining the required upgrades to our Plant.

The proposed budget includes an overall deficit of \$179,350, which we plan to close using the WLSD’s very healthy Reserves, reducing those Reserves to \$610,255, an amount equal to 70% the operating expenses for a full year. For more detail on the proposed 2011/2012 Budget, please refer to the attached line-by-line breakdown of anticipated costs as well as the comparison to last year’s budget.

Future Capital Needs: The Board will keep the taxpayers up to date on the Scope of Work project and discussions with the DEP 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 a municipal bond issue. User tax revenue will be required to be dedicated to pay-off the principal and interest on these debt obligations.

2011/2012 Mil Rate: The Board recommends a mil rate of 3.30. This, 1) maintains taxes at the current rate, 2) reduces reserves to be more in line with accepted municipal accounting practices, 3) enables the WLSD to address issues in an effort to meet DEP requirements while reducing unplanned operating expenses.

Budget Meeting and Approval: The budget vote is scheduled for Saturday, May 21, 2011 at 10:00 AM at the Woodridge Lake Club House. Please plan to attend.

WLSD Board

Account Description	Account Type	2010/2011 Projected Actuals	2010/2011 Approved Budget	2011/2012 Proposed Budget	2011/2012 Over (Under) Prior Budget
Grand List Basis			\$281,471,202	\$283,216,290	
Mill Rate			3.3	3.3	
SEWER TAXES	Income	\$928,859.25	\$912,446.00	\$934,613.76	\$22,167.76
SEWER TAXES BACK	Income	\$1,513.16	\$0.00	\$0.00	\$0.00
INTEREST BACK TAXES	Income	\$11,877.26	\$12,000.00	\$10,000.00	-\$2,000.00
INT SAVINGS/INVESTMENTS	Income	\$3,932.53	\$7,000.00	\$3,000.00	-\$4,000.00
SEWER PERMIT FEES/CON.CHG	Income	\$16,070.00	\$6,600.00	\$26,400.00	\$19,800.00
CELL TOWER RENTAL	Income	\$29,663.98	\$30,000.00	\$30,000.00	\$0.00
MISCELLANEOUS INCOME	Income	\$21.50	\$0.00	\$0.00	\$0.00
LIEN FEES	Income	\$476.00	\$0.00	\$700.00	\$700.00
PAYROLL	Expenses	\$138,087.39	\$150,577.00	\$169,075.00	\$18,498.00
PLANT SUPERINTENDENT	Expenses	\$84,650.00	\$84,650.00	\$90,900.00	\$6,250.00
PAYROLL - OVERTIME	Expenses	\$22,719.21	\$22,000.00	\$20,000.00	-\$2,000.00
PAYROLL TAXES	Expenses	\$20,352.56	\$19,395.00	\$27,891.00	\$8,496.00
FRINGE BENEFITS-PENSION EXP	Expenses	\$11,097.22	\$15,058.00	\$25,908.00	\$10,850.00
FRINGE BENEFITS-HEALTH INS	Expenses	\$37,405.14	\$24,800.00	\$44,020.00	\$19,220.00
FRINGE-LTD/LIFE/MISC	Expenses	\$2,553.10	\$2,720.00	\$4,793.00	\$2,073.00
POWER	Expenses	\$75,951.87	\$80,000.00	\$70,000.00	-\$10,000.00
HEATING OIL	Expenses	\$5,116.21	\$9,000.00	\$7,000.00	-\$2,000.00
FUEL/AUTOMOTIVE	Expenses	\$8,685.38	\$10,000.00	\$8,000.00	-\$2,000.00
VEHICLE REPAIR & MAINTENANCE	Expenses	\$1,626.95	\$2,000.00	\$1,500.00	-\$500.00
CHEMICALS & SUPPLIES	Expenses	\$8,372.05	\$3,500.00	\$10,000.00	\$6,500.00
TELEPHONE/ANS/BEEPER	Expenses	\$4,166.08	\$3,600.00	\$3,600.00	\$0.00
PLANT EQUIPMENT REPAIR/MAINT	Expenses	\$37,819.55	\$50,000.00	\$50,000.00	\$0.00
COLLECTION SYST REPAIR/MAINT	Expenses	\$42,095.87	\$60,000.00	\$60,000.00	\$0.00
EQUIPMENT RENTAL	Expenses	\$220.50	\$500.00	\$100.00	-\$400.00
ROAD REPAIR & MAINTENANCE	Expenses	\$0.00	\$0.00		\$0.00
MEMBERSHIP FEES/BOOKS	Expenses	\$1,152.00	\$500.00	\$1,000.00	\$500.00
SAFETY EQUIPMENT	Expenses	\$419.32	\$0.00	\$1,000.00	\$1,000.00
MISCELLANEOUS	Expenses	\$790.52	\$1,700.00	\$600.00	-\$1,100.00
D.E.P. PERMIT FEE	Expenses	\$0.00	\$0.00	\$0.00	\$0.00
PLANT PROTECTION COSTS	Expenses	\$1,112.00	\$1,100.00	\$1,500.00	\$400.00
CLEANING SUPPLIES	Expenses	\$572.54	\$600.00	\$600.00	\$0.00
TRAINING/RECERTIFICATION	Expenses	\$2,529.00	\$2,000.00	\$3,000.00	\$1,000.00
REFUSE COLLECTION PICKUP	Expenses	\$1,350.56	\$1,100.00	\$1,500.00	\$400.00
SMALL TOOLS	Expenses	\$0.00	\$0.00	\$500.00	\$500.00
LAWN MOWING SNOW PLOWING MAIN	Expenses	\$11,345.00	\$2,000.00	\$20,400.00	\$18,400.00
INFILTRATION PROJECT	Expenses	\$0.00	\$0.00	\$0.00	\$0.00
STRISON ALARM/MAINT	Expenses	\$3,952.48	\$4,000.00	\$4,000.00	\$0.00
OFFICE TRAILER LEASE/SET-UP	Expenses	\$11,380.16	\$0.00	\$4,085.40	\$4,085.40
OFFICE EXPENSE	Expenses	\$46.18	\$0.00	\$100.00	\$100.00
OFFICE EXP-POSTAGE	Expenses	\$3,003.69	\$1,920.00	\$3,000.00	\$1,080.00
OFFICE EXP-OFFICE SUPPLIES	Expenses	\$3,601.08	\$2,400.00	\$4,000.00	\$1,600.00
OFFICE EXP-TAX COLL SUPP	Expenses	\$2,850.00	\$2,500.00	\$4,000.00	\$1,500.00
OFFICE EXP-LEGAL NOTICE	Expenses	\$956.56	\$1,200.00	\$1,000.00	-\$200.00
OFFICE EXP-LIEN FEES	Expenses	\$395.00	\$780.00	\$400.00	-\$380.00
OFFICE EXP-TRAVEL	Expenses	\$0.00	\$0.00	\$0.00	\$0.00
WEBSITE DEV/MAINT	Expenses	\$499.00	\$0.00	\$1,200.00	\$1,200.00
LEASED EQUIPMENT	Expenses	\$2,044.26	\$1,200.00	\$2,400.00	\$1,200.00
BANK FEES	Expenses	\$0.30	\$0.00	\$0.00	\$0.00
INSURANCE-COMMERCIAL	Expenses	\$18,934.00	\$33,000.00	\$27,208.00	-\$5,792.00
INSURANCE-UMBRELLA INS.	Expenses	\$6,371.00	\$7,000.00	\$8,300.00	\$1,300.00

**WLPOA Capital Budget
2010/2011**

Expenditures:	Plan	Total Forecast
Anode Replacement	\$20,000.00	\$0.00
Tertiary System Rebuilt	\$175,000.00	\$164,000.00
Digester Refurbish	\$50,000.00	\$2,000.00
Infiltration Remediation	\$150,000.00	\$0.00
Plant Pump Access Road Repair	\$15,000.00	\$20,640.00
Tractor Lease	\$12,111.00	\$0.00
Woodard & Curran Consulting	\$0.00	\$42,208.19
DEP Scope of Work Est. \$255,000	\$0.00	\$90,000.00
Risk Management Issues	\$0.00	\$0.00
- Video	\$0.00	\$2,276.73
- Fence Repairs	\$0.00	\$3,186.00
- Effluent Holding Tank Roof Removed	\$0.00	\$9,630.00
- Welding (fiter press platform, loading dock hand rail, platform to fule tank)		\$15,600.00
- Welding (Pump station steps)		\$4,000.00
TimeVu System		\$1,399.25
Station # 7 Rebuild		\$25,000.00
Total Budgeted Capital Expenditures	\$422,111.00	\$379,940.17
Total Forecast	\$379,940.17	
Budget vs Forecast Impact on Capital Reserve Fund	\$42,170.83	

**WLDS Capital Plan
2011 / 2012**

Expenditures:	Plan	July Forecast	August Forecast	September Forecast	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast
Anode Replacement	\$20,000.00		\$20,000.00										
DEP Scope of Work Est. \$255,	\$148,500.00	\$67,500.00	\$54,000.00	\$27,000.00									
Plant Pump Generator	\$75,000.00		\$75,000.00										
Water Circulation Pumps	\$15,000.00		\$15,000.00										
Clear Sewer Right of Ways	\$20,000.00		\$20,000.00										
Install Laterals (\$3,000 each)													
Risk Management Issues	\$5,000.00		\$5,000.00										
Total Budgeted Capital Expenditures	\$283,500.00	\$67,500.00	\$189,000.00	\$27,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Forecast	\$295,611.00												
Cash Flow Lease on Balance Sheet													
- Tractor Lease	\$12,111.00												