

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

May 9, 2012

Subject: Proposed Woodridge Lake Sewer District Budget 2012/2013

Dear Woodridge Lake Sewer District Taxpayers:

Recommendation: The Board recommends no change in the mil rate for 2012/2013 from the 3.30 mil rate in effect for 2011/2012. This recommendation stems from current economic conditions, minimal changes in the grand list and, importantly, because we have not yet agreed on a long term solution to the disposal of our wastewater. We continue to work with our engineering consultant Woodward and 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 maintain the current mil rate.

2011/2012 Revenue and Expense Overview: The approved 2011/2012 budget provided for deficit spending of \$179,351, where expenses (operating and capital) were budgeted to exceed revenues. The deficit was to be funded from the District's substantial Fund Balance which was \$818,553 as of the June 30, 2011 audited financials. As a result of a modest decrease in collected revenues and efforts by management and the Board to control expenditures, we now project a deficit of \$93,876 which is a positive improvement \$85,474. Revenues were under budget by \$17,850, operating expenses are expected to be \$224,220 better than budget and capital expenses are expected to be \$120,895 worse than budget.

The lower revenue was the result of the weak construction market resulting in lower than planned connection fees. The lower operating expenses resulted from less than anticipated repair and maintenance expenses (\$62,452), one employee under plan (\$34,766), less than expected use of our environmental lawyer (\$39,212), favorable pricing on our environmental insurance (\$22,463), and finally less snow, less reliance on our outside accountant and no use of our contingency fund saved an additional \$40,819. The positive operating expense results were offset by extra capital expenditures caused by significant unplanned engineering expenditures of \$109,000 as a result of working with the DEEP in executing the Scope of Services. The most significant variance in the capital budget is attributed to the groundwater disposal system tests.

2011/2012 Activities: The planned Scope of Work has been slowed by DEEP as many months of time, effort and expense went into negotiating an appropriate test of the groundwater disposal system. After finally reaching agreement early this year, we prepared four of our filter beds for testing. Our consultants and staff monitored wastewater flow to each bed to be sure we consistently applied the target flow rate of up to 1.2 gallons per day per square foot. Wastewater was applied until there was equilibrium of the mounding of groundwater under the bed while maintaining a minimum 1.5 foot separation between ground surface and ground water. Flows were reduced, where necessary, to maintain the target separation. While the results are preliminary and have not been discussed or agreed with DEEP, they have shown that the disposal fields can absorb the base wastewater flows from our plant and provide the basis for discussions with DEEP over the continued use of our disposal fields.

Another major effort has gone into identifying sources of Inflow and Infiltration (I/I) of water into the District's collection system so that we may reduce the volume of effluent flowing to our treatment plant. Not only do we want to get under the 100,000 gallons per day currently permitted, but we do not want to construct a treatment plant with a larger capacity than necessary. To that end, the Facilities Plan Scope of Work includes a plan to find and minimize I/I into the system.

Thus far we have identified an estimated 60,000 to 100,000 gallons per day of potential I/I in the system based on manhole inspections, physical inspections, smoke and dye testing, flow isolation testing of 5.5 miles of sewer line and 2.2 miles of CCTV inspections.

For more detailed financial information for FY 2012, please review the enclosed material, which reflects the year to date revenue and expenses and forecasts for expenditures for the year ending June 30, 2012.

2012/2013 Activities and Budget: The major activity for the coming year will involve finishing the Scope of Work project, analyzing the results and bringing that information with recommendations to the community. In addition, we will be implementing major repairs to the collection system as we have identified sewer mains attached to pump stations 6, 7, and 8 and seventy two manholes that are the cause of significant I & I issues. A project to plan and implement repairs is budgeted to cost \$459,625 for those parts of the collection system where significant inflow and infiltration has been detected. We attempted this Spring to complete flow isolation testing on the remainder of the collection system but the unusually low water table resulted in inconclusive test results. The retesting will be scheduled for the spring of 2013 after which a further repair plan will be developed. The groundwater test results will be fully analyzed to determine the capacity of our disposal beds. We will examine the option 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 will be completed. No major plant upgrades are planned for the coming year until we reach agreement with DEEP. We will, of course, be performing necessary maintenance while in this "status quo" mode.

The proposed budget includes an overall deficit of \$390,625, which we plan to fund by applying for a Clean Water Fund 20 year loan at 2% in the amount of \$459,625. If approved, it would bring our Fund balance up to \$793,677 which is just \$24,876 below our June 30, 2011 level.

Future Capital Needs: The Board will keep the taxpayers up to date on the Scope of Work project 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.

2012/2013 Mil Rate: The Board recommends a mil rate of 3.30. This maintains taxes at the current rate and enables WLSD to address issues in an effort to meet DEEP requirements while reducing unplanned operating expenses.

Budget Meeting and Approval: The budget vote is scheduled for Saturday, May 26, 2011 at 9:30 AM at the Woodridge Lake Club House. Please plan to attend.

WLSD Board

Woodridge Lake Sewer District 2012/2013 Revenue & Operating Budget

Account Description	Account Type	2011/2012 Budget	2011/2012 Projected	2012/2013 Budget	New Budget Over (Under) Prior Budget	New Budget Over (Under) Projected Actuals
SEWER TAXES	Income	\$934,613.76	\$936,215.43	\$940,946.75	\$6,332.99	\$4,731.32
SEWER TAXES BACK	Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTEREST BACK TAXES	Income	\$10,000.00	\$11,204.56	\$10,000.00	\$0.00	-\$1,204.56
INT SAVINGS/INVESTMENTS	Income	\$3,000.00	\$2,425.57	\$3,000.00	\$0.00	\$574.43
SEWER PERMIT FEES/CON.CHG	Income	\$26,400.00	\$5,835.00	\$6,000.00	-\$20,400.00	\$165.00
CELL TOWER RENTAL	Income	\$30,000.00	\$29,848.98	\$30,000.00	\$0.00	\$151.02
MISCELLANEOUS INCOME	Income	\$0.00	\$28.87	\$0.00	\$0.00	-\$28.87
LIEN FEES	Income	\$700.00	\$1,304.88	\$1,000.00	\$300.00	-\$304.88
PAYROLL	Expenses	\$169,075.00	\$135,125.14	\$171,000.00	\$1,925.00	\$35,874.86
PLANT SUPERINTENDENT	Expenses	\$90,900.00	\$86,350.00	\$90,090.00	-\$810.00	\$3,740.00
PAYROLL - OVERTIME	Expenses	\$20,000.00	\$25,184.73	\$27,000.00	\$7,000.00	\$1,815.27
PAYROLL TAXES	Expenses	\$27,891.00	\$22,245.52	\$29,100.00	\$1,209.00	\$6,854.48
FRINGE BENEFITS-PENSION EXP	Expenses	\$25,908.00	\$30,883.80	\$22,900.00	-\$3,008.00	-\$7,983.80
HEALTH & DENTAL INSURANCE	Expenses	\$44,020.00	\$35,902.95	\$44,300.00	\$280.00	\$8,397.05
FRINGE-LTD/LIFE/MISC	Expenses	\$4,793.00	\$5,777.32	\$3,870.60	-\$922.40	-\$1,906.72
POWER	Expenses	\$70,000.00	\$68,513.06	\$70,000.00	\$0.00	\$1,486.94
HEATING OIL	Expenses	\$7,000.00	\$6,587.55	\$7,500.00	\$500.00	\$912.45
FUEL/AUTOMOTIVE	Expenses	\$8,000.00	\$5,904.71	\$6,300.00	-\$1,700.00	\$395.29
VEHICLE REPAIR & MAINTENANCE	Expenses	\$1,500.00	\$1,990.70	\$2,000.00	\$500.00	\$9.30
CHEMICALS & SUPPLIES	Expenses	\$10,000.00	\$2,854.39	\$4,000.00	-\$6,000.00	\$1,145.61
TELEPHONE/ANS/BEEPER	Expenses	\$3,600.00	\$3,190.18	\$3,600.00	\$0.00	\$409.82
PLANT EQUIPMENT REPAIR/MAINT	Expenses	\$50,000.00	\$24,420.21	\$30,000.00	-\$20,000.00	\$5,579.79
COLLECTION SYST REPAIR/MAINT	Expenses	\$60,000.00	\$42,286.53	\$25,000.00	-\$35,000.00	-\$17,286.53
EQUIPMENT RENTAL	Expenses	\$100.00	\$18.00	\$100.00	\$0.00	\$82.00
MEMBERSHIP FEES/BOOKS	Expenses	\$1,000.00	\$1,371.00	\$1,500.00	\$500.00	\$129.00
SAFETY EQUIPMENT	Expenses	\$1,000.00	\$1,793.31	\$1,900.00	\$900.00	\$106.69
MISCELLANEOUS	Expenses	\$600.00	\$1,194.95	\$1,100.00	\$500.00	-\$94.95
PLANT PROTECTION COSTS	Expenses	\$1,500.00	\$1,316.00	\$1,500.00	\$0.00	\$184.00
CLEANING SUPPLIES	Expenses	\$600.00	\$970.92	\$1,000.00	\$400.00	\$29.08
TRAINING/RECERTIFICATION	Expenses	\$3,000.00	\$910.00	\$1,200.00	-\$1,800.00	\$290.00
REFUSE COLLECTION PICKUP	Expenses	\$1,500.00	\$1,422.15	\$1,500.00	\$0.00	\$77.85
SMALL TOOLS	Expenses	\$500.00	\$2,174.59	\$2,100.00	\$1,600.00	-\$74.59
LAWN MOWING & PLOWING	Expenses	\$20,400.00	\$11,140.00	\$20,400.00	\$0.00	\$9,260.00
STRISON ALARM/MAINT	Expenses	\$4,000.00	\$5,135.29	\$5,000.00	\$1,000.00	-\$135.29
OFFICE TRAILER LEASE/SET-UP	Expenses	\$4,085.40	\$4,085.40	\$4,090.00	\$4.60	\$4.60
OFFICE EXPENSE	Expenses	\$100.00	\$18.00	\$100.00	\$0.00	\$82.00
OFFICE EXP-POSTAGE	Expenses	\$3,000.00	\$2,202.06	\$2,000.00	-\$1,000.00	-\$202.06
OFFICE EXP-OFFICE SUPPLIES	Expenses	\$4,000.00	\$2,310.01	\$3,000.00	-\$1,000.00	\$689.99

Woodridge Lake Sewer District 2012/2013 Revenue & Operating Budget

Account Description	Account Type	2011/2012 Budget	2011/2012 Projected	2012/2013 Budget	New Budget Over (Under) Prior Budget	New Budget Over (Under) Projected Actuals
OFFICE EXP-TAX COLL SUPP	Expenses	\$4,000.00	\$3,440.00	\$4,000.00	\$0.00	\$560.00
OFFICE EXP-LEGAL NOTICE	Expenses	\$1,000.00	\$680.72	\$1,000.00	\$0.00	\$319.28
OFFICE EXP-LIEN FEES	Expenses	\$400.00	\$928.00	\$500.00	\$100.00	-\$428.00
WEBSITE DEV/MAINT	Expenses	\$1,200.00	\$200.00	\$300.00	-\$900.00	\$100.00
LEASED EQUIPMENT	Expenses	\$2,400.00	\$1,431.73	\$1,600.00	-\$800.00	\$168.27
BANK FEES	Expenses	\$0.00	-\$37.30	\$0.00	\$0.00	\$37.30
INSURANCE-COMMERCIAL	Expenses	\$23,723.00	\$23,723.00	\$23,000.00	-\$723.00	-\$723.00
INSURANCE-UMBRELLA INS.	Expenses	\$7,342.00	\$7,342.00	\$7,500.00	\$158.00	\$158.00
INSURANCE-OFFICERS&DIRECTORS	Expenses	\$0.00	\$4,086.00	\$0.00	\$0.00	-\$4,086.00
INSURANCE-WORKERS COMP	Expenses	\$18,297.00	\$14,211.00	\$22,600.00	\$4,303.00	\$8,389.00
INSURANCE-ENVIRONMENTAL	Expenses	\$60,219.00	\$37,756.32	\$0.00	-\$60,219.00	-\$37,756.32
INTEREST EXPENSE	Expenses	\$1,300.00	\$0.00	\$9,193.00	\$7,893.00	\$9,193.00
PROF.FEES-LEGAL FEES/REG.MHS	Expenses	\$50,000.00	\$10,788.15	\$45,000.00	-\$5,000.00	\$34,211.85
AUDITING/ACCOUNTING FEES	Expenses	\$20,500.00	\$13,940.25	\$15,000.00	-\$5,500.00	\$1,059.75
PROF.FEES-COMPUTER SUPP&MAINT	Expenses	\$6,000.00	\$4,274.89	\$5,000.00	-\$1,000.00	\$725.11
SEWER INSPECTION FEES	Expenses	\$4,000.00	\$2,350.00	\$2,400.00	-\$1,600.00	\$50.00
MANHOLE RAISING CS	Expenses	\$25,000.00	\$5,840.00	\$6,000.00	-\$19,000.00	\$160.00
CONTINGENCY FUND	Expenses	\$25,000.00	\$0.00	\$25,000.00	\$0.00	\$25,000.00
Revenue						
- Expenses		\$1,004,713.76	\$986,863.29	\$990,946.75	-\$13,767.01	\$4,083.46
		-\$888,453.40	-\$664,233.23	\$751,243.60	\$137,209.80	-\$87,010.37
Net After Operating Expenses		\$116,260.36	\$322,630.06	\$239,703.15	\$123,442.79	-\$82,926.91
Mill Rate		3.3		3.3		
Grand List				\$285,135,380		
Taxes Collected				\$940,946.75		

Woodridge Lake Sewer District 2012/2013 Capital Budget

	2011/2012 Budget	2011/2012 Projected Actual	2012/2013 Budget
Sand Filter (Prior Year Payable Amount \$25,169.99)		\$29,766.00	
Anode Replacement	\$20,000.00	\$20,000.00	
DEEP Scope of Work Est. \$255,000 start date 2.1.11	\$148,500.00	\$172,718.31	\$45,127.00
Groundwater Bed Testing Prep not DEEP Funded		\$10,004.10	
Groundwater Testing Additional Costs \$75,000 not DEEP Funded		\$62,630.00	\$12,370.00
Plant Pump Generator	\$75,000.00	\$66,450.00	
Water Circulation Pumps	\$15,000.00	\$15,000.00	
Clear Sewer Right of Ways	\$20,000.00	\$33,950.00	\$35,000.00
Risk Management Issues	\$5,000.00	\$3,960.00	
Quad		\$7,858.76	
Sand Filter Valves		\$3,014.07	
Additional I & I Investigation \$120,750 DEEP Funded		\$12,375.00	\$41,962.50
Retesting of Infiltration Testing \$32,750 DEEP Funding Requested			\$14,737.50
Brush Hog		\$3,950.00	
Tractor Lease	\$12,111.00		\$12,111.00
I & I Remediation 4/30/12 Estimate			\$459,626.00
Long Term Loan Pay Down of Principal			\$9,393.80
Total Capital Expenditures	\$295,611	\$441,676	\$630,328
Add Back Prior Years Actuals		\$25,170	
Adjusted Total Capital Expenditures		\$416,506	
Starting Fund Balance	\$818,553	\$818,553	\$724,677
Revenue	\$1,004,714	\$986,863	\$990,947
Operating Budget	-\$888,453	-\$664,233	-\$751,244
Capital Budget	-\$295,611	-\$416,506	-\$630,328
Fund Net Change	-\$179,351	-\$93,876	-\$390,625
I & I Loan 2% for 20 Years			\$459,625
Ending Fund Balance	\$639,202	\$724,677	\$793,677