
WOODRIDGE LAKE SEWER DISTRICT

FINANCIAL REPORT

JUNE 30, 2022

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of the Woodridge Lake Sewer District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 funds of the Woodridge Lake Sewer District, as of June 30, 2022, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Woodridge Lake Sewer District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Woodridge Lake Sewer District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements

35 Cold Spring Road, Suite 111 Rocky Hill, Connecticut 06067-3161

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are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Woodridge Lake Sewer District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Woodridge Lake Sewer District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4-6 and 22-23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodridge Lake Sewer District's basic financial statements. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 November 8, 2022, on our consideration of the 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 solely 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 effectiveness of the Woodridge Lake Sewer District's 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.

Carneg, Roy and Gmel, P.C.

Rocky Hill, Connecticut
November 8, 2022

WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Woodridge Lake Sewer District ("WLSD") is a governmental entity organized under the statutes of the State of Connecticut. Its purpose is to provide wastewater treatment services to the 714 homes within the watershed surrounding Woodridge Lake in Goshen, Connecticut.

The District's financials are reported under various accounting methods to meet governmental and accounting standards. The District has received an unmodified (clean) opinion from our auditors.

This report will focus on the Statement of Net Position, Operations of our General Fund and Capital Projects Fund including the budget comparisons for the fiscal year ended June 30, 2022 on pages 22-23.

Statement of Net Position

WLSD net assets at June 30, 2022 totaled \$2,456,210, an increase from \$2,201,346 last year.

Condensed Comparative Financial Information for the Years Ended June 30

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 812,265	\$ 617,036	\$ 195,229
Capital assets	<u>2,573,959</u>	<u>2,264,308</u>	<u>309,651</u>
Total assets	<u>3,386,224</u>	<u>2,881,344</u>	<u>504,880</u>
Noncurrent liabilities	625,616	636,407	(10,791)
Other liabilities	<u>304,398</u>	<u>43,591</u>	<u>260,807</u>
Total liabilities	<u>930,014</u>	<u>679,998</u>	<u>250,016</u>
Net investment in capital assets	1,948,343	1,627,901	320,442
Unrestricted	<u>507,867</u>	<u>573,445</u>	<u>(65,578)</u>
Total net position	<u><u>\$2,456,210</u></u>	<u><u>\$2,201,346</u></u>	<u><u>\$ 254,864</u></u>

WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Condensed Comparative Financial Information for the Years Ended June 30 (Continued)

TABLE 2
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Charges for services	\$ 26,600	\$ 15,200	\$ 11,400
Operating grants and contributions	10,073	48,147	(38,074)
Total program revenues	<u>36,673</u>	<u>63,347</u>	<u>(26,674)</u>
Sewer assessment taxes, interest, and fees	1,255,188	1,237,739	17,449
Cell tower rental and other	49,963	98,393	(48,430)
Unrestricted investment earnings	551	370	181
Total general revenues	<u>1,305,702</u>	<u>1,336,502</u>	<u>(30,800)</u>
Total revenues	<u>1,342,375</u>	<u>1,399,849</u>	<u>(57,474)</u>
General government expenses	857,865	843,109	14,756
Depreciation	217,420	190,278	27,142
Loss on disposal of assets	12,226	25,374	(13,148)
Total program expenses	<u>1,087,511</u>	<u>1,058,761</u>	<u>28,750</u>
Total expenses	<u>1,087,511</u>	<u>1,058,761</u>	<u>28,750</u>
Change in net position	254,864	341,088	(86,224)
Beginning net position	2,201,346	1,860,258	341,088
Ending net position	<u>\$2,456,210</u>	<u>\$2,201,346</u>	<u>\$ 254,864</u>

General Fund (see page 22)

The General Fund year end resulted in a surplus of \$519,295, which was greater than our original budget forecast of \$442,615 surplus. The General Fund transferred \$578,335 to the Capital Fund. The General Fund balance at year end was \$516,634.

The General Fund revenue amounted to \$1,349,150, which was more than the budget by \$49,650.

The General Fund's actual expenditures were \$829,855, which was \$27,030 lower than budget. We did not utilize the contingency reserve of \$25,000.

WOODRIDGE LAKE SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Capital Projects Fund (see page 23)

Our total capital plan was budgeted to spend \$263,891. Actual total capital spent was \$578,335 as detailed on page 23.

As per our ongoing Infiltration and Inflow (I/I) Reduction Project, during the year we CCTVed and cleaned/repaired portions of our sewer system lines. The required CCTV work, analysis, and repairs were budgeted at \$200,000 with an actual spend of \$261,948, which was \$61,948 more than budget.

During the year we spent \$72,485 on emergency repairs to various pumps and motors.

WOODRIDGE LAKE SEWER DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Total Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 686,040
Sewer assessment tax receivable	5,652
Grant receivable	9,629
Prepaid expense	19,687
Spare parts for capital asset repairs	<u>91,257</u>
Total current assets	<u>812,265</u>
PROPERTY AND EQUIPMENT	
Capital assets	6,689,060
Accumulated depreciation	<u>(4,115,101)</u>
Total property and equipment	<u>2,573,959</u>
Total assets	<u>\$ 3,386,224</u>
LIABILITIES	
Accounts payable	\$ 272,793
Accrued payroll and payroll taxes	17,815
Accrued interest	13,790
Noncurrent liabilities:	
Due within one year	11,094
Due in more than one year	<u>614,522</u>
Total liabilities	<u>930,014</u>
NET POSITION	
Investment in capital assets, net of related debt	1,948,343
Unrestricted	<u>507,867</u>
Total net position	<u>\$ 2,456,210</u>

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

WOODRIDGE LAKE SEWER DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General Government	\$ 857,865	\$ 26,600	\$ 10,073	\$ -
Depreciation (unallocated)	217,420	-	-	-
Loss on disposal of assets	12,226	-	-	-
Total governmental activities	\$ 1,087,511	\$ 26,600	\$ 10,073	\$ -
General revenues				
Sewer assessment taxes, interest, and fees				1,255,188
Cell tower rental and other				49,963
Unrestricted investment earnings				551
Total general revenues				1,305,702
Change in net position				254,864
Net position - beginning				2,201,346
Net position - ending				\$ 2,456,210

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

WOODRIDGE LAKE SEWER DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 686,040	\$ -	\$ 686,040
Sewer assessment tax receivable	5,652	-	5,652
Grant receivable	9,629	-	9,629
Prepaid expenses	19,687	-	19,687
Spare parts for capital asset repairs	<u>91,257</u>	<u>-</u>	<u>91,257</u>
Total assets	<u>\$ 812,265</u>	<u>\$ -</u>	<u>\$ 812,265</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 272,793	\$ -	\$ 272,793
Deferred sewer tax revenue	5,023	-	5,023
Accrued payroll and payroll taxes	<u>17,815</u>	<u>-</u>	<u>17,815</u>
Total liabilities	<u>295,631</u>	<u>-</u>	<u>295,631</u>
FUND BALANCES			
Fund balance - unassigned	<u>516,634</u>	<u>-</u>	<u>516,634</u>
Total fund balances	<u>516,634</u>	<u>-</u>	<u>516,634</u>
Total liabilities and fund balance	<u>\$ 812,265</u>	<u>\$ -</u>	<u>\$ 812,265</u>

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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUE			
Sewer assessment taxation	\$ 1,261,963	\$ -	\$ 1,261,963
Investment income	551	-	551
Other	49,963	-	49,963
DESPP grant	10,073	-	10,073
Sewer permit fees / connection charge	26,600	-	26,600
Total revenues	\$ 1,349,150	\$ -	\$ 1,349,150
EXPENDITURES			
<u>Personnel</u>			
Payroll, payroll taxes and employee benefits	\$ 456,860	\$ -	\$ 456,860
<u>Operations</u>			
Power and heat	81,007	-	81,007
Plant & collection system maintenance	143,946	-	143,946
Other	48,060	-	48,060
<u>Office</u>			
Office expenses	12,507	-	12,507
<u>Insurance</u>			
Insurance coverage	63,433	-	63,433
<u>Professional fees</u>			
Legal, audit, engineering and testing and other	24,042	9,951	33,993
Total operations	829,855	9,951	839,806
<u>Debt service</u>			
Principal	-	10,791	10,791
Interest	-	18,296	18,296
Total debt service	-	29,087	29,087
<u>Capital outlay</u>			
Emergency refurbishment of sewer pumps	-	72,485	72,485
Pipe lining, clean & TV collection system	-	261,948	261,948
Other capital improvements	-	204,864	204,864
Total capital outlay	-	539,297	539,297

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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
Total expenditures	<u>829,855</u>	<u>578,335</u>	<u>1,408,190</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ 519,295</u>	<u>\$ (578,335)</u>	<u>\$ (59,040)</u>
OTHER FINANCING SOURCES			
Transfers in	-	578,335	578,335
Transfers out	<u>(578,335)</u>	<u>-</u>	<u>(578,335)</u>
Total other financing sources	<u>(578,335)</u>	<u>578,335</u>	<u>-</u>
Net Change in Fund Balances	<u>(59,040)</u>	<u>-</u>	<u>(59,040)</u>
Fund Balance - Beginning of year	<u>575,674</u>	<u>-</u>	<u>575,674</u>
Fund Balance - End of year	<u><u>\$ 516,634</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 516,634</u></u>

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

WOODRIDGE LAKE SEWER DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022

Fund balance - governmental funds	\$	516,634
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Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in government activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 6,689,060	
Less accumulated depreciation	<u>(4,115,101)</u>	
Net capital assets		2,573,959

Uncollected sewer assessment taxes not available to pay for current period expenditures are deferred in the governmental fund.	5,023
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Long-term liabilities, including capital leases are not due and payable in the current period, and therefore not reported in the governmental funds.

Bond payable	(625,616)
Accrued interest	<u>(13,790)</u>

Net position of governmental activities	\$	<u>2,456,210</u>
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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 FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balance - governmental funds \$ (59,040)

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 various adjustments for capital assets.

Total capital outlay	\$	539,297	
Less: portion expensed		-	
Portion of capital outlay capitalized		<u>539,297</u>	
Less: current year depreciation		<u>(217,420)</u>	321,877

Loss on disposal of assets (12,226)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest 237

Debt service principal payments reported as expenditures in the governmental funds are reported as reduction of liabilities in the district-wide financial statements 10,791

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 (6,775)

Changes in net position of governmental activities \$ 254,864

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

WOODRIDGE LAKE SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 position 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 funds 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.

Capital Projects Fund - Capital projects fund accounts for resources used for the acquisition and/or construction of capital facilities, except those accounted for in proprietary funds.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 liened 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, 2022

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. There was no committed fund balance at June 30, 2022.

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

Long-term obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Page 12 of the basic financial statements includes a reconciliation between fund balance - governmental funds and net assets - governmental activities as reported in the district-wide statement of net assets.

Page 13 of the basic financial statements includes a reconciliation between the statement of revenues, expenditures, and changes in fund balance of the governmental funds 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 and cash equivalents consist of the following accounts at June 30, 2022:

Deposits	
Demand accounts	\$ 686,037
Total deposits	<u>686,037</u>
Petty cash	<u>3</u>
Total cash and cash equivalents	<u>\$ 686,040</u>

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, 2022, total bank balances were \$738,785. A total of \$250,000 was insured under the Federal Depository Insurance Corporation.

The balance, \$488,785, 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 \$391,724 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.

WOODRIDGE LAKE SEWER DISTRICT**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2022

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, a minimum of \$5,000 has been 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.

With the exception of land, capital assets are depreciated over their estimated useful lives by the straight line method. Depreciation expense for 2021-2022 totaled \$217,420. 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 2021-2022 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Land (not depreciated)	\$ 110,000	\$ -	\$ -	\$ 110,000
Depreciable assets:				
Wastewater treatment plant and system	5,161,902	539,297	47,310	5,653,889
Equipment	827,396	-	-	827,396
Vehicles	97,775	-	-	97,775
Total capital assets being depreciated:	6,087,073	539,297	47,310	6,579,060
Less: accumulated depreciation	3,932,765	217,420	35,084	4,115,101
Capital assets being depreciated - net	2,154,308	321,877	12,226	2,463,959
Total capital assets - net	<u>\$ 2,264,308</u>	<u>\$ 321,877</u>	<u>\$ 12,226</u>	<u>\$ 2,573,959</u>

NOTE 6 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds and notes payable:					
General obligation bonds	\$ 636,407	\$ -	\$ 10,791	\$ 625,616	\$ 11,094
Long-Term liabilities	<u>\$ 636,407</u>	<u>\$ -</u>	<u>\$ 10,791</u>	<u>\$ 625,616</u>	<u>\$ 11,094</u>

The District issued a general obligation bond to provide funds for major capital projects.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

General obligation bonds are direct obligations of the District for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the District. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding June 30, 2022</u>
Bonds Payable:					
General obligation	9/30/2015	\$ 686,000	2.88%	9/1/2055	\$ 625,616

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2022:

<u>Year Ending June 30th,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,094	\$ 17,987	\$ 29,081
2024	11,413	17,668	29,081
2025	11,741	17,340	29,081
2026	12,078	17,003	29,081
2027	12,426	16,655	29,081
2028-2032	67,697	77,709	145,406
2033-2037	78,004	67,402	145,406
2038-2042	89,880	55,526	145,406
2043-2047	103,565	41,841	145,406
2048-2052	119,334	26,072	145,406
2053-2056	108,384	7,945	116,329
	<u>\$625,616</u>	<u>\$ 363,148</u>	<u>\$ 988,764</u>

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the District shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2022.

NOTE 7 – RETIREMENT PLAN

The District maintains a Simplified Employee Pension Plan which covers 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 \$27,778 were made during 2021-2022.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – RETIREMENT PLAN (Continued)

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.

NOTE 8 - 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 had an initial term of five years, effective November 29, 2004, with an option to extend 4 additional terms of 5 years each and has been extended for 7 additional five year terms, and may be further extended for three more years at the option of the lessee. A total of \$49,963 was collected during 2021-2022.

NOTE 9 - 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. In July 2009 the Department of Environmental Protection submitted a letter further defining requirements for alternative solutions and requesting additional information and cost analysis. During the year the District obtained the services of an engineering firm to further study and evaluate solutions for resolving the consent order. A grant from the State of Connecticut Clean Water Fund has been obtained to provide reimbursement of 55% of eligible study costs. The final outcome of this matter cannot be estimated and it is not known what future governmental grant funds and/or low interest loans would be available to assist with the cost of any required actions.

In March 2016, USDA-RD formally committed to financing the District's \$15.5 million long range facility project with \$2.8 million in grants and the balance in a 40 year loan at 2.25% interest rate. On June 13, 2016, after the District's taxpayers had previously voted to approve the \$15.5 million appropriation by 194 yes votes and one no vote, the Board ratified the signatures of James Mersfelder and Alfred Shull on two sets of resolution papers from the USDA-RD to secure the grant and loan totaling \$15.5 million. None of the proceeds associated with this particular funding had been advanced to the District as of June 30, 2022. The District also has a construction loan commitment from CoBank; this commitment is intended to provide funding to bridge the gap between required cash outlays for the project and receipt of USDA loan proceeds.

WOODRIDGE LAKE SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 10 – INTERFUND TRANSFERS

The District routinely transfers unrestricted receipts to various funds in order to finance the costs in those funds. Transfers for the year ended June 30, 2022 are as follows:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Major Governmental Funds			
General Fund	\$ -	\$ (578,335)	\$ (578,335)
Capital Projects Fund	578,335	-	578,335
Total	<u>\$ 578,335</u>	<u>\$ (578,335)</u>	<u>\$ -</u>

NOTE 11 – COVID-19 PANDEMIC

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary limitations on businesses, individuals and not-for-profit entities. This matter has negatively impacted the District's operating results, accordingly. The disruption is currently expected to be temporary. However, there is considerable uncertainty around the duration and extent of the future impact on the District, and the future financial impact cannot be reasonably estimated at this time.

NOTE 12 - DATE OF MANAGEMENT'S REVIEW

The District has evaluated events and transactions subsequent to June 30, 2022 for potential recognition and disclosure through November 8, 2022, the date the financial statements were available to be issued. There are no other material subsequent events which require recognition or disclosure.

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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Sewer assessment taxation	\$ 1,247,700	\$ 1,261,963	\$ 14,263
Investment income	300	551	251
Other / grant	48,000	60,036	12,036
Sewer permit fees / connection charge	3,500	26,600	23,100
Total revenues	<u>\$ 1,299,500</u>	<u>\$ 1,349,150</u>	<u>\$ 49,650</u>
EXPENDITURES			
<u>Personnel</u>			
Payroll, payroll taxes and employee benefits	\$ 393,093	\$ 456,860	\$ (63,767)
<u>Operations</u>			
Power and heat	93,700	81,007	12,693
Plant & collection system maintenance	140,000	143,946	(3,946)
Other	70,791	48,060	22,731
Contingency	25,000	-	25,000
<u>Office</u>			
Office expenses	11,201	12,507	(1,306)
<u>Insurance</u>			
Insurance coverage	73,500	63,433	10,067
<u>Professional fees</u>			
Legal, audit, engineering and testing and other	49,600	24,042	25,558
Total operations	<u>856,885</u>	<u>829,855</u>	<u>27,030</u>
Excess (Deficiency) of revenues over expenditures	<u>442,615</u>	<u>519,295</u>	<u>76,680</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(578,335)	(578,335)
Total other financing sources	<u>-</u>	<u>(578,335)</u>	<u>(578,335)</u>
Net Change in Fund Balances	<u>442,615</u>	<u>(59,040)</u>	<u>(501,655)</u>
Fund Balance - Beginning of year		<u>575,674</u>	
Fund Balance - End of year		<u>\$ 516,634</u>	

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

WOODRIDGE LAKE SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Other	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
<u>Professional fees</u>			
Legal, audit, engineering and testing and other	\$ -	\$ 9,951	\$ (9,951)
Total operations	-	9,951	(9,951)
<u>Debt service</u>			
Principal	-	10,791	(10,791)
Interest	18,891	18,296	595
Total debt service	18,891	29,087	(10,196)
<u>Capital outlay</u>			
Emergency refurbishment of sewer pumps	-	72,485	(72,485)
Pipe lining, clean & TV collection system	200,000	261,948	(61,948)
Vehicle replacement	45,000	-	45,000
Other capital improvements	-	204,864	(204,864)
Total capital outlay	245,000	539,297	(294,297)
Total expenditures	263,891	578,335	(314,444)
Excess (Deficiency) of revenues over expenditures	(263,891)	(578,335)	(314,444)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	578,335	578,335
Total other financing sources	-	578,335	578,335
Net Change in Fund Balances	(263,891)	-	263,891
Fund Balance - Beginning of year		-	
Fund Balance - End of year		\$ -	

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

WOODRIDGE LAKE SEWER DISTRICT
SEWER ASSESSMENT TAXES COLLECTED AND UNCOLLECTED BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

List Year	Uncollected Taxes July 1, 2020 and Current Billings	Corrections and Adjustments	Actual Collections			Uncollected Sewer Assessment Taxes June 30, 2021
			Sewer Assessment Taxes	Interest	Lien Fees	
2020	\$ 1,241,001	\$ 172	\$ 1,237,477	\$ 7,528	\$ 304	\$ 1,245,309
2019	9,466	-	8,488	1,529	216	10,233
2018	4,563	-	3,585	1,394	72	5,051
2017	3,129	66	3,195	1,534	48	4,777
2016	1,234	44	1,278	1,000	24	2,302
2015	448	13	461	357	-	818
Totals:	\$ 1,259,841	\$ 295	\$ 1,254,484	\$ 13,342	\$ 664	\$ 1,268,490
						\$ 5,652

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

WOODRIDGE LAKE SEWER DISTRICT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2022

Base:

Receipts from taxation	\$ 1,268,490	
Property tax relief for elderly	<u>-</u>	
Total base		<u><u>\$ 1,268,490</u></u>

Debt limitation:	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
2-1/4 times base	2,854,103	-	-	-
4-1/2 times base	-	5,708,205	-	-
3-3/4 times base	-	-	4,756,838	-
3-1/4 times base	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,122,593</u>
Total debt limitation	<u>2,854,103</u>	<u>5,708,205</u>	<u>4,756,838</u>	<u>4,122,593</u>
Indebtedness:				
Notes payable	<u>-</u>	<u>-</u>	<u>625,616</u>	<u>-</u>
Total indebtedness	<u>-</u>	<u>-</u>	<u>625,616</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 2,854,103</u></u>	<u><u>\$ 5,708,205</u></u>	<u><u>\$ 4,131,222</u></u>	<u><u>\$ 4,122,593</u></u>

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



CARNEY, ROY AND GERROL, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Woodridge Lake Sewer District
Goshen, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major funds of Woodridge Lake Sewer District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Woodridge Lake Sewer District's basic financial statements, and have issued our report thereon dated November 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodridge Lake Sewer District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodridge Lake Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodridge Lake Sewer District's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodridge Lake Sewer District's financial statements are free from 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 and 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Carney, Roy and Gend, P.C."

Rocky Hill, Connecticut
November 8, 2022