

TOWN OF WILTON, NEW YORK
FINANCIAL REPORT

DECEMBER 31, 2012

TOWN OF WILTON, NEW YORK

TABLE OF CONTENTS

DECEMBER 31, 2012

	<u>Page</u>
Management's Discussion and Analysis	1-8
Independent Auditor's Report on the Financial Statements	9-10
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities and Changes in Net Assets	12
Governmental Fund Financial Statements	
Combined Balance Sheet - Governmental Funds	13-14
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15-16
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets	17
Budgetary Comparison Financial Statements	
Budgetary Comparison Statement - General Fund	18
Budgetary Comparison Statement - Highway Fund	19
Notes to Financial Statements	20-30
Additional Report Required by Government Auditing Standards	
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 <i>Government Auditing Standards</i>	31-32

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Board
Town of Wilton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town'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 these 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 of 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.

Basis of Qualified Opinion

As discussed in Note 1, the financial statements referred to above do not include the actuarial value of the postemployment health insurance benefits liability. In our opinion, the recording of that liability is required to conform with U.S. generally accepted accounting principles. The amount that should be recorded as a liability for postemployment health insurance benefits is not known.

Qualified Opinion

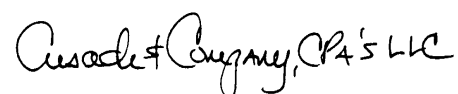
In our opinion, except as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton, New York as of December 31, 2012, 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 Matter

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 1-8 and 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 and other supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2013 on our consideration of the Town'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 the 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 the entity's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
May 20, 2013

TOWN OF WILTON, NEW YORK

STATEMENT OF NET ASSETS

DECEMBER 31, 2012

Assets

Current assets:

Cash	\$ 6,392,218
Other receivables	164,762
State and federal receivables	87,488
Due from other governments	1,095,644
Prepaid expenses	172,827
Inventory	<u>75,889</u>
Total current assets	<u>7,988,828</u>

Noncurrent assets:

Restricted cash	834,921
Capital assets, net of accumulated depreciation	<u>10,875,380</u>
Total noncurrent assets	<u>11,710,301</u>

Total assets \$ 19,699,129

Liabilities

Current liabilities:

Bonds payable	\$ 175,000
Accounts payable and accrued liabilities	469,123
Due to other governments	437
Unearned revenues	33,174
Compensated absences payable	<u>49,419</u>
Total current liabilities	<u>727,153</u>

Commitments and Contingencies

Net Assets

Invested in capital assets, net of related debt	10,700,380
Restricted	652,540
Unassigned	<u>7,619,056</u>
Total net assets	<u>18,971,976</u>

Total liabilities and net assets \$ 19,699,129

TOWN OF WILTON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

		Program Revenues			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense
<u>Governmental Activities</u>	<u>Expenses</u>				
General government	\$ 1,830,337	\$ 228,343	\$ -	\$ -	\$ 1,601,994
Public safety	241,821	277	-	144,952	96,592
Health	650,981	1,910	-	-	649,071
Transportation	2,747,252	57,629	-	124,148	2,565,475
Economic assistance	19,073	-	-	-	19,073
Culture and recreation	1,043,927	437,226	-	-	606,701
Home and community services	561,271	235,927	145,888	-	179,456
Total governmental activities	<u>\$ 7,094,662</u>	<u>\$ 961,312</u>	<u>\$ 145,888</u>	<u>\$ 269,100</u>	<u>\$ 5,718,362</u>
General revenues:					
Real property taxes and tax items					666,816
Franchise taxes					268,899
Sales taxes					5,231,139
Mortgage taxes					829,469
State aid					57,984
Use of money and property					55,855
Total general revenues					<u>7,110,162</u>
Change in net assets					1,391,800
Net assets, beginning					<u>17,580,176</u>
Net assets, ending					<u>\$ 18,971,976</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets						
Cash	\$ 5,511,042	\$ 678,213	\$ 75,690	\$ -	\$ 127,273	\$ 6,392,218
Other receivables	120,093	(1,993)	-	-	46,662	164,762
State and Federal receivables	51,472	-	-	36,016	-	87,488
Due from other governments	1,095,620	24	-	-	-	1,095,644
Due from other funds	440	147	-	-	-	587
Prepaid expenses	124,392	48,435	-	-	-	172,827
Restricted cash	182,381	652,540	-	-	-	834,921
Inventory	<u>6,400</u>	<u>69,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,889</u>
Total assets	<u>\$ 7,091,840</u>	<u>\$ 1,446,855</u>	<u>\$ 75,690</u>	<u>\$ 36,016</u>	<u>\$ 173,935</u>	<u>\$ 8,824,336</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2012

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Liabilities & Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 164,701	\$ 275,082	\$ -	\$ 28,190	\$ -	\$ 467,973
Due to other funds	147	440	-	-	-	587
Due to other governments	437	-	-	-	-	437
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,174</u>	<u>33,174</u>
Total liabilities	<u>165,285</u>	<u>275,522</u>	<u>-</u>	<u>28,190</u>	<u>33,174</u>	<u>502,171</u>
Commitments and Contingencies						
Fund balances						
Nonspendable	130,792	117,924	-	-	-	248,716
Restricted	129,436	652,540	-	-	-	781,976
Committed	52,945	-	-	-	-	52,945
Assigned	14,936	400,869	75,690	7,826	140,761	640,082
Unassigned	<u>6,598,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,598,446</u>
Total fund balances	<u>6,926,555</u>	<u>1,171,333</u>	<u>75,690</u>	<u>7,826</u>	<u>140,761</u>	<u>8,322,165</u>
Total liabilities and fund balances	<u>\$ 7,091,840</u>	<u>\$ 1,446,855</u>	<u>\$ 75,690</u>	<u>\$ 36,016</u>	<u>\$ 173,935</u>	<u>\$ 8,824,336</u>

Reconciliation of fund balances to net assets	
Total fund balances	8,322,165
Fixed assets, net	10,875,380
Bonds payable	(175,000)
Accrual of interest and compensated absences	<u>(50,569)</u>
Net assets	<u>\$ 18,971,976</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues						
Real property taxes	\$ -	\$ -	\$ 657,034	\$ -	\$ -	\$ 657,034
Real property tax items	9,782	-	-	-	-	9,782
Non-property tax items	2,873,189	2,626,849	-	-	-	5,500,038
Departmental income	554,700	52,673	-	-	653	608,026
Intergovernmental charges	277	-	-	-	-	277
Use of money and property	43,477	10,260	1,354	219	545	55,855
Licenses and permits	110,934	-	-	-	-	110,934
Fines and forfeitures	210,980	-	-	-	-	210,980
Sale of property and compensation for loss	7,074	4,882	-	-	-	11,956
Miscellaneous local sources	2,959	74	-	16,106	-	19,139
State aid	887,458	124,148	-	144,952	-	1,156,558
Federal aid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,888</u>	<u>145,888</u>
Total revenues	\$ <u>4,700,830</u>	\$ <u>2,818,886</u>	\$ <u>658,388</u>	\$ <u>161,277</u>	\$ <u>147,086</u>	\$ <u>8,486,467</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Expenditures and Other Financing Sources and Uses						
Expenditures:						
General governmental support	\$ 1,460,460	\$ -	\$ -	\$ -	\$ -	\$ 1,460,460
Public safety	68,115	-	-	161,430	-	229,545
Health	6,993	-	643,988	-	-	650,981
Transportation	156,991	2,279,144	-	-	-	2,436,135
Economic assistance and opportunity	19,073	-	-	-	-	19,073
Culture and recreation	821,387	-	-	5,685	-	827,072
Home and community services	335,264	-	-	-	145,888	481,152
Employee benefits	646,122	454,160	-	-	-	1,100,282
Debt service	<u>177,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,800</u>
Total expenditures	<u>3,692,205</u>	<u>2,733,304</u>	<u>643,988</u>	<u>167,115</u>	<u>145,888</u>	<u>7,382,500</u>
Other financing sources and uses:						
Transfers in	142	-	-	-	-	142
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142)</u>	<u>-</u>	<u>(142)</u>
Total other financing sources (uses)	<u>142</u>	<u>-</u>	<u>-</u>	<u>(142)</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under)						
Expenditures and other financing uses	1,008,767	85,582	14,400	(5,980)	1,198	1,103,967
Fund balances, beginning	<u>5,917,788</u>	<u>1,085,751</u>	<u>61,290</u>	<u>13,806</u>	<u>139,563</u>	<u>7,218,198</u>
Fund balances, ending	<u>\$ 6,926,555</u>	<u>\$ 1,171,333</u>	<u>\$ 75,690</u>	<u>\$ 7,826</u>	<u>\$ 140,761</u>	<u>\$ 8,322,165</u>
Reconciliation of revenues and other financing sources and uses over expenditures to change in net assets						1,103,967
Capitalization of current year asset acquisitions						803,370
Depreciation expense						(679,803)
Bond principal payments						170,000
Interest, pension and compensated absences accrual changes						5,177
Loss on sale of assets						<u>(10,911)</u>
Change in Net Assets						<u>\$ 1,391,800</u>

TOWN OF WILTON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS AND CHANGES IN FIDUCIARY NET ASSETS
DECEMBER 31, 2012

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash	\$ 10,498	\$ 98,646
Liabilities		
Agency liabilities	<u>-</u>	<u>98,646</u>
Net Assets	<u><u>\$ 10,498</u></u>	<u><u>\$ -</u></u>

	Statement of Changes in Fiduciary Net Assets
Interest income	<u>\$ 47</u>
Change in net assets	47
Net assets, beginning	<u>10,451</u>
Net assets, ending	<u><u>\$ 10,498</u></u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Revenues:					
Real property tax items	\$ 11,000	\$ 11,000	\$ 9,782	\$ -	\$ (1,218)
Non-property tax items	2,481,051	2,510,551	2,873,189	-	362,638
Departmental income	516,300	524,050	554,700	-	30,650
Intergovernmental charges	-	-	277	-	277
Use of money and property	40,550	40,550	43,477	-	2,927
Licenses and permits	61,000	61,000	110,934	-	49,934
Fines and forfeitures	250,000	250,000	210,980	-	(39,020)
Sale of property and compensation for loss	-	3,000	7,074	-	4,074
Miscellaneous local sources	2,500	2,500	2,959	-	459
State aid	<u>556,000</u>	<u>556,000</u>	<u>887,458</u>	<u>-</u>	<u>331,458</u>
Total revenues	<u>3,918,401</u>	<u>3,958,651</u>	<u>4,700,830</u>	<u>-</u>	<u>742,179</u>
Expenditures					
Expenditures:					
General government support	1,684,084	1,643,092	1,460,460	5,615	177,017
Public safety	75,293	75,293	68,115	-	7,178
Health	14,200	14,200	6,993	-	7,207
Transportation	165,261	167,261	156,991	-	10,270
Economic assistance and opportunity	22,160	22,160	19,073	-	3,087
Culture and recreation	836,862	880,028	821,387	9,321	49,320
Home and community services	380,510	385,318	335,264	-	50,054
Employee benefits	652,200	683,468	646,122	-	37,346
Debt service	<u>177,800</u>	<u>177,800</u>	<u>177,800</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,008,370</u>	<u>4,048,620</u>	<u>3,692,205</u>	<u>14,936</u>	<u>341,479</u>
Other Financing Sources					
Transfers in	<u>-</u>	<u>-</u>	<u>142</u>	<u>-</u>	<u>142</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (89,969)</u>	<u>\$ (89,969)</u>	<u>\$ 1,008,767</u>	<u>\$ (14,936)</u>	<u>\$ 1,083,800</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Revenues:					
Non-property tax items	\$ 2,617,849	\$ 2,626,849	\$ 2,626,849	\$ -	\$ -
Departmental income	30,000	30,000	52,673	-	22,673
Use of money and property	4,500	4,500	10,260	-	5,760
Sale of property and compensation for loss	-	-	4,882	-	4,882
Miscellaneous local sources	-	-	74	-	74
State aid	<u>124,174</u>	<u>124,174</u>	<u>124,148</u>	<u>-</u>	<u>(26)</u>
Total revenues	<u>2,776,523</u>	<u>2,785,523</u>	<u>2,818,886</u>	<u>-</u>	<u>33,363</u>
Expenditures					
Expenditures:					
Transportation	2,307,523	2,608,480	2,279,144	66,645	262,691
Employee benefits	<u>489,000</u>	<u>498,000</u>	<u>454,160</u>	<u>-</u>	<u>43,840</u>
Total expenditures	<u>2,796,523</u>	<u>3,106,480</u>	<u>2,733,304</u>	<u>66,645</u>	<u>306,531</u>
Revenues Over (Under) Expenditures	<u>\$ (20,000)</u>	<u>\$ (320,957)</u>	<u>\$ 85,582</u>	<u>\$ (66,645)</u>	<u>\$ 339,894</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Wilton, New York, (the "Town") which was established in 1818 in Saratoga County, is governed by the general laws of the State of New York and various local laws. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting Council members, all elected. The Town Supervisor serves as the chief executive officer and the Comptroller as chief fiscal officer.

The Town provides the following basic services: public safety, health services, maintenance of Town roads, recreation, home and community service, economic assistance and other general services. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the acceptable standards setting body for establishing accounting and financial reporting practices. The following is a summary of significant policies:

- (a) *Financial Reporting Entity*: The financial reporting entity consists of (a) the primary government which is the Town of Wilton, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 61.

The decision to include a potential component unit in the Town reporting entity is based on several criteria set forth in GASB 61 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town's reporting entity.

Excluded from the financial reporting entity:

The Wilton Water and Sewer Authority ("the Authority") was created in 1991 by the New York State Legislature. The Governing Board of the Authority is appointed by the Town. The Town provides no subsidy to the Authority, nor is it responsible for the debt or operating deficits of the Authority. The Authority's debt is essentially supported by operating revenues of the Authority and is not guaranteed by the Town. The Town does not approve the Authority's budget, contracts or hiring of staff. The Town also has no oversight responsibility for funds of the Authority. However, the Town does provide approximately 400 square feet of office space at an annual charge of \$6,000 to the Authority.

The Wilton Emergency Squad ("the Squad") is a not-for-profit corporation established to provide emergency medical care. The Governing Board of the Squad is elected by its members. This Board designates management and exercises complete responsibility for all fiscal matters. The Town exercises no oversight on the Squad's operations.

The Wilton Global Job Development Corporation was established as a not-for-profit corporation to promote economic development in the Town of Wilton. Corporation members have complete responsibility for the management of the Corporation and accountability for fiscal matters. The Town is not liable for any debt incurred by the Corporation.

The Wilton Wildlife Preserve and Park ("WWPP") was established as a not-for-profit corporation to enter into a "partnership" with the Nature Conservancy and New York State to develop a 3,000 acre park and preserve for the Karner Blue Butterfly and public use. WWPP members have complete responsibility for the management of the Corporation and accountability for fiscal matters. The Town is not liable for any debt incurred by the Corporation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) *Financial Statements:* The Town's financial statements are presented on a government-wide, governmental fund and fiduciary fund basis in accordance with GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As a result these financial statements include a management discussion and analysis of the Town's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the Town's activities including infrastructure (roads, bridges, etc.) and a change in the focus of fund financial statements to major funds.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets.

The statement of net assets recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt and accumulated depreciation; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net assets.

The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the Town's programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenues include charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Town's primary program revenues are fines and forfeitures, building and planning permits and fees and recreational program charges. Revenues which are not classified as program revenues are presented as general revenues and consist primarily of property, sales and franchise taxes, investment earnings, and mortgage tax receipts.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by fund type with each major fund presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The following funds are used by the Town:

GOVERNMENTAL FUND TYPES

General Fund - The general fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Town maintains the following special revenue funds:

- Townwide Highway Fund - established pursuant to Highway Law Section 141 to account for revenues and expenditures related to highway repairs and improvements, bridges, machinery, snow removal and miscellaneous highway related items.
- Emergency Squad District Fund - established to account for the financial resources to be used to contract for emergency squad services for the Town.
- Special Grant Fund - to account for the use of federal monies provided by the United States Department of Housing and Urban Development to fund the Town's Section 8 Housing Assistance Program, and the CDBG small cities grant.

Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital expenditures.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

(c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property, sales, franchise, and mortgage taxes, fines, grants and donations. On an accrual basis, revenue from nonexchange transaction is recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenues from grant and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements directly on the governmental fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, *i.e.*, both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable except that principal and interest on indebtedness are not recognized as expenditure until paid. Capital assets are recorded as expenditures and depreciation is not recorded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Budgetary Data:

General Budget Process - Prior to October 1 of each year, the Budget Officer submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications to the budget. However, department heads are authorized to transfer certain budgeted amounts within their departmental line items upon written request to the accounting office.

Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

(e) Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year end are reported as reservations of fund balances since the commitments do not constitute expenditure or liabilities.

(f) Investments: Investments are stated at cost which approximates market value.

(g) Inventory: Inventory, consisting primarily of highway supplies, is valued at the lower of cost, (first-in, first-out method) or market.

(h) Capital Assets and Depreciation: Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair market value at the time received. Infrastructure such as roads and streets, including related drainage systems, sewage collection systems and Town owned bridges and culverts are capitalized.

Capital assets with a minimum depreciable base of \$5,000 for equipment, \$25,000 for infrastructure and \$50,000 for buildings are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 30 years, leasehold land improvements - 15 to 20 years, infrastructure - 12 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

Infrastructure is not required, and has not been reported retroactively. Prospective infrastructure reporting for newly acquired or constructed infrastructure assets began on January 1, 2004, the date the Town adopted the provisions of GASB No. 34.

(i) Revenue Recognition - Property Taxes

Taxes for Town purposes are based on Town budget requirements. Taxes are collected by the Town until April 1, at which time all unpaid taxes are returned to the County. The County will then reimburse the Town for the Town's share of uncollected taxes. The following calendar pertains to Town real property taxes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation date	January 1
Taxable status date	March 1
Exemption filing deadline	March 1
Final role filed	July 1
Date taxes due	January 1
Date penalty period begins	February 1

- (j) Compensated Absences: Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave at various rates subject to certain maximum limitations. Employees are not entitled to sick time upon termination, therefore no liability for accrued sick leave has been recorded.
- (k) Fund Balance Reserves: The Town's fund balance reserves represent those portions of the fund balance not available for appropriation, or legally designated for a specific future use.
- (l) Postemployment Benefits: In addition to providing pension benefits, the Town also provides certain health care benefits for retired employees. Substantially all the Town employees may become eligible for those benefits if they reach normal retirement age while working for the Town.

Effective for the year ended December 31, 2009, Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45") requires the Town to recognize the cost of other postemployment benefits ("OPEB") in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 requires the services of an actuary to calculate current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than prior practice which recognized expense on a pay-as-you-go basis.

The Town has evaluated the costs and benefits of adopting GASB 45 and determined that at this time the cost outweighs the benefit. Therefore, the Town has continued to recognize OPEB costs on a pay-as-you-go basis, which is not in accordance with generally accepted accounting principles. The amount that would be recorded in the long-term debt account group had GASB 45 been adopted is not known.

OPEB costs on a pay-as-you-go basis were approximately \$82,614 in 2012 for eleven retirees.

- (m) Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.
- (n) Subsequent Events: Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through May 20, 2013, the date the financial statements were available to be issued. No such events or transactions were identified.

2. CASH AND INVESTMENTS

The Town's written investment policy was adopted by the Town Board and is governed by State statutes. Town monies must be deposited in FDIC insured commercial banks or trust companies designated by the Town Board. New York State statutes and guidelines authorize the Town to invest in obligations of the U.S. Government and its agencies, certificates of deposit, repurchase agreements, and obligations of the State of New York.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations issued, fully insured, or guaranteed by New York State, and obligations issued by any municipality or school district of New York State. Restrictions may apply to some of the above categories.

During 2012, cash and investments were either insured by federal depository insurance or collateralized by assets of the Town's custodial bank in the Town's name.

3. POOLED BANK ACCOUNTS

Separate bank accounts are not maintained for each of the Town's funds. Instead, cash is pooled and deposited in pooled bank accounts with accounting records maintained to show the portion of the balance attributable to each fund. At December 31, 2012 of the Town's total cash in the pooled account of \$6,371,776, the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 5,573,078
Highway	678,213
Emergency Squad	75,690
Capital Projects	(28,190)
Drainage	2,477
Special Grant	70,508
	<u>\$ 6,371,776</u>

4. RESTRICTED CASH

Restricted cash consists of the following:

General fund:	
Parkland reserve	\$ 124,000
Stormwater	52,945
Sidewalks	5,436
Highway fund:	
Traffic migration revenue	649,497
Equipment revenue	3,043
	<u>\$ 834,921</u>

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2012 was as follows:

	January 1, 2012	Additions	Deletions	December 31, 2012
Land	\$ 1,956,656	\$ -	\$ -	\$ 1,956,656
Leasehold improvements	569,153	-	-	569,153
Buildings	4,338,567	-	-	4,338,567
Infrastructure	4,660,575	431,623	-	5,092,198
Equipment	4,405,557	371,747	48,540	4,728,764
	<u>15,930,508</u>	<u>803,370</u>	<u>48,540</u>	<u>16,685,338</u>
Less Accumulated Depreciation:				
Buildings	1,096,819	107,823	-	1,204,642
Leasehold Improvements	110,453	24,019	-	134,472
Infrastructure	1,183,666	310,710	-	1,494,376
Equipment	2,776,846	237,251	37,629	2,976,468
	<u>5,167,784</u>	<u>679,803</u>	<u>37,629</u>	<u>5,809,958</u>
Net capital assets	<u>\$ 10,762,724</u>	<u>\$ 123,567</u>	<u>\$ (10,911)</u>	<u>\$ 10,875,380</u>

Depreciation was charged to the following functions:

General Government	\$ 42,970
Transportation	585,660
Culture and Recreation	51,173
Total depreciation expense	<u>\$ 679,803</u>

6. DEBT

A summary of changes in debt is as follows:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Bonds (Long-Term)	\$ 345,000	\$ -	\$ 170,000	\$ 175,000
Compensated absences*	53,871	-	4,452	49,419
	<u>\$ 398,871</u>	<u>\$ -</u>	<u>\$ 174,452</u>	<u>\$ 224,419</u>

* Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

6. DEBT (CONTINUED)

Bond indebtedness is as follows:

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance December 31, 2012</u>
Public Improvements	5/03	\$ 1,475,000	3.0%	5/13	<u>\$ 175,000</u>

The Town's future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	<u>\$ 175,000</u>	<u>\$ 2,625</u>	<u>\$ 177,625</u>

Total interest expenditures for the year ended December 31, 2012 were \$7,800.

7. FUND BALANCE

As of December 31, 2012, the Town implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB 54 defines five categories of fund balances as follows:

- **Non-spendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board.
- **Assigned** fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for ensuing year's budget.
- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

7. FUND BALANCE (CONTINUED)

Fund balances are detailed as follows:

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable						
Inventory	\$ 6,400	\$ 69,489	\$ -	\$ -	\$ -	\$ 75,889
Prepaid Expenses	<u>124,392</u>	<u>48,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,827</u>
	<u>130,792</u>	<u>117,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,716</u>
Restricted						
Sidewalks	5,436	-	-	-	-	5,436
Parks	124,000	-	-	-	-	124,000
Traffic Mitigation	-	649,497	-	-	-	649,497
Equipment	<u>-</u>	<u>3,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,043</u>
	<u>129,436</u>	<u>652,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,976</u>
Committed						
Stormwater	<u>52,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,945</u>
Assigned						
Encumbrances	14,936	66,645	-	-	-	81,581
Highway	-	334,224	-	-	-	334,224
Emergency Squad	-	-	75,690	-	-	75,690
Capital Projects	-	-	-	7,826	-	7,826
Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,761</u>	<u>140,761</u>
	<u>14,936</u>	<u>400,869</u>	<u>75,690</u>	<u>7,826</u>	<u>140,761</u>	<u>640,082</u>
Unassigned	<u>6,598,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,598,446</u>
	<u>\$ 6,926,555</u>	<u>\$ 1,171,333</u>	<u>\$ 75,690</u>	<u>\$ 7,826</u>	<u>\$ 140,761</u>	<u>\$ 8,322,165</u>

8. OPERATING TRANSACTIONS

During the course of normal operations, the Town records numerous transactions between funds including expenditures for the provision of services as well as transfers between funds to finance various projects.

Interfund receivable and payable balances arising from these transactions as of December 31, 2012 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 440	\$ 147
Highway	<u>147</u>	<u>440</u>
	<u>\$ 587</u>	<u>\$ 587</u>

9. PENSION PLAN (CONTINUED)

Plan Description

The Town participates in the New York State and Local Employees' Retirement System and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York Employees' Retirement System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were as follows:

2012	\$ 417,638
2011	\$ 314,019
2010	\$ 259,253

The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Required minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changed the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st.

Change in Payment Due Date

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System. The December 15 payment due date changed to February 1, however, employees were allowed to (prepay) repay their payment by December 15. The covered salary period (April 1-March 31) did not change for the calculation.

10. COMMITMENTS AND CONTINGENCIES

Litigation: The Town is a defendant in lawsuits arising in the normal course of business. In the opinion of the Town, after considering all relevant facts, the ultimate losses not covered by insurance resulting from such litigation would be immaterial in relation to the financial statements taken as a whole.

Self-Insurance: The Town participates in a self-insurance plan for workers' compensation under County of Saratoga Local Law No. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan which currently has 54 participants, is open to any eligible municipality or public entity for participation. The County of Saratoga, New York is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's third party suits; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2012 the Town's workers' compensation premium was \$58,045. The Town's annual workers compensation premium is included in the County tax levy for the given fiscal year, therefore no expenditure is reflected in the Town's financial statements for workers' compensation. For the year ended December 31, 2011 (last available information) the plan had a reserved balance of \$5,882,000. Claims and judgments are recognized consistent with requirements of GASB Statement No. 10 Accounting and Financial Reporting for Risk Financial and Related Insurance Losses, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liabilities of \$14,006,000 at December 31, 2011 were recorded as accrued liabilities by the County. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020.

Section 8 Program: The Town has entered into an administration agreement with the Saratoga County Rural Preservation Corp. ("the Corporation") under which the Corporation serves as full administrator of the Section 8 Housing Assistance Program. The Corporation has guaranteed that it will comply with all program regulations and will indemnify and hold harmless the Town from any liability to HUD for failure to comply to the program regulations.

Landfill Closure: State and federal laws and regulations required the Town to close its landfill site. Although the closure has been completed, the Town must continue to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Town believes the annual cost of postclosure maintenance and monitoring costs will not be significant to the Town's annual results of operations. Accordingly, these maintenance and monitoring costs are reported as expenditures in the period incurred.

Environmental Concerns: The Town is engaged in many activities (*i.e.*, highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2012 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

Ambulance Worker Service Award Program: In connection with a service contract between the Town and local volunteer ambulance workers, the Town implemented a volunteer ambulance worker service award program effective January 1, 2001. The program is a defined contribution retirement plan covering volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. The annual contribution is \$400 per calendar year for a maximum of 40 years for each volunteer ambulance worker who earned 50 service credits during the year. Contributions to the plan were \$11,989 in 2012.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
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 Members of the Town Board
Town of Wilton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Wilton, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wilton, New York'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Wilton, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wilton, New York'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Wilton, New York'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 the Town of Wilton, New York's financial statements are free from 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 Town of Wilton, New York'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 Town of Wilton, New York's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
May 20, 2013