

TOWN OF WILTON, NEW YORK

***FINANCIAL REPORT
DECEMBER 31, 2001***

TOWN OF WILTON, NEW YORK

TABLE OF CONTENTS

DECEMBER 31, 2001

Independent Auditor's Report	1
Financial Statements	
Combined balance sheet - all fund types and account groups	2-3
Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust fund	4
Combined statement of revenues, expenditures and changes in fund balances - budget and actual - general and special revenue fund types	5-6
	7-17
Notes to financial statements	
Additional Report Required by Government Auditing Standards	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Wilton, New York, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Wilton, New York's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Wilton, New York, as of December 31, 2001, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2002, on our consideration of the Town of Wilton, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* as should be read in conjunction with this report in considering the results of our audit.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 22, 2002

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2001

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Memorandum Only Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Fixed Assets</u>	<u>Long-term Obligations</u>	
ASSETS							
Cash	\$ 629,773	\$ 410,975	\$ 556,752	\$ -	\$ -	\$ -	\$ 1,597,500
Other receivables	170,506	93	8,000	-	-	-	178,599
State and federal receivables	7,318	-	-	-	-	-	7,318
Due from other governments	602,127	-	-	-	-	-	602,127
Due from other funds	2,349	-	-	8,000	-	-	10,349
Restricted cash	-	27,378	-	449,446	-	-	476,824
Inventory	2,653	14,292	-	-	-	-	16,945
Prepaid expenditures	32,620	19,073	-	-	-	-	51,693
Fixed assets	-	-	-	-	7,431,900	-	7,431,900
Amount to be provided for retirement of long- term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,694,765</u>	<u>1,694,765</u>
	<u><u>\$ 1,447,346</u></u>	<u><u>\$ 471,811</u></u>	<u><u>\$ 564,752</u></u>	<u><u>\$ 457,446</u></u>	<u><u>\$ 7,431,900</u></u>	<u><u>\$ 1,694,765</u></u>	<u><u>\$12,068,020</u></u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
DECEMBER 31, 2001

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Memorandum Only Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Fixed Assets</u>	<u>Long-term Obligations</u>	
LIABILITIES & FUND EQUITY							
LIABILITIES							
Accounts payable	\$ 84,160	\$ 69,406	\$ 37,631	\$ -	\$ -	\$ -	\$ 191,197
Accrued liabilities	15,400	15,941	-	-	-	-	31,341
Agency liabilities	-	-	-	445,139	-	-	445,139
Deferred revenue	435	18,217	-	-	-	-	18,652
Due to other funds	-	-	8,000	2,349	-	-	10,349
Compensated absences	-	-	-	-	-	14,765	14,765
Bonds and notes	-	-	-	-	-	1,680,000	1,680,000
Total liabilities	<u>99,995</u>	<u>103,564</u>	<u>45,631</u>	<u>447,488</u>	<u>-</u>	<u>1,694,765</u>	<u>2,391,443</u>
COMMITMENTS AND CONTINGENCIES							
FUND EQUITY							
Investment in fixed assets	-	-	-	-	7,431,900	-	7,431,900
Fund balances:							
Reserved for:							
Encumbrances	33,567	-	235,489	-	-	-	269,056
Trust	-	-	-	9,958	-	-	9,958
Inventory	2,653	14,292	-	-	-	-	16,945
Capital Projects	-	-	283,632	-	-	-	283,632
Equipment	-	35,000	-	-	-	-	35,000
Unreserved							
Designated - Capital Improvement	-	88,259	-	-	-	-	88,259
Designated-ensuing year's budget	323,043	140,000	-	-	-	-	463,043
Undesignated	<u>988,088</u>	<u>90,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,078,784</u>
Total fund equity	<u>1,347,351</u>	<u>368,247</u>	<u>519,121</u>	<u>9,958</u>	<u>7,431,900</u>	<u>-</u>	<u>9,676,577</u>
	<u>\$ 1,447,346</u>	<u>\$ 471,811</u>	<u>\$ 564,752</u>	<u>\$ 457,446</u>	<u>\$ 7,431,900</u>	<u>\$ 1,694,765</u>	<u>\$ 12,068,020</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

	Governmental Fund Types				Memorandum
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Only Total</u>
REVENUES AND OTHER FINANCING SOURCES					
Revenues:	\$ -	\$ 312,184	\$ -	\$ -	\$ 312,184
Real property taxes	8,557	-	-	-	8,557
Real property tax items	1,381,450	988,797	-	-	2,370,247
Non-property tax items	444,459	-	-	-	444,459
Departmental income	78,004	9,033	14,649	239	101,925
Use of money and property	4,278	-	-	-	4,278
Licenses and permits	164,378	-	-	-	164,378
Fines and forfeitures	5,447	5,342	560,000	-	570,789
Sale of property and compensation for loss	15,717	2,407	-	549	18,673
Miscellaneous local sources	561,601	84,332	-	-	645,933
State aid	421	135,090	-	-	135,511
Federal aid	<u>2,664,312</u>	<u>1,537,185</u>	<u>574,649</u>	<u>788</u>	<u>4,776,934</u>
Total revenue	222,599	-	-	-	222,599
Other financing sources:	-	578,416	385,309	-	963,725
County distribution of surplus	<u>-</u>	<u>578,416</u>	<u>385,309</u>	<u>-</u>	<u>963,725</u>
Operating transfers	<u>2,886,911</u>	<u>2,115,601</u>	<u>959,958</u>	<u>788</u>	<u>5,963,258</u>
Total revenues and other financing sources					
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:	861,589	-	700,765	-	1,562,354
General government support	80,080	-	-	-	80,080
Public safety	38,493	226,425	-	-	264,918
Health	105,672	1,376,755	111,045	-	1,593,472
Transportation	39,285	137,160	-	-	176,445
Economic assistance and opportunity	404,671	-	-	-	404,671
Culture and recreation	292,814	-	1,515	-	294,329
Home and community services	169,576	141,074	-	-	310,650
Employee benefits	<u>221,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,875</u>
Debt service (principal and interest)	2,214,055	1,881,414	813,325	-	4,908,794
Total expenditures	963,725	-	-	-	963,725
Other financing uses:	<u>3,177,780</u>	<u>1,881,414</u>	<u>813,325</u>	<u>-</u>	<u>5,872,519</u>
Operating transfers					
Total expenditures and other financing uses					
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(290,869)	234,187	146,633	788	90,739
Residual equity transfer	18,807	-	(18,807)	-	-
Fund balances, beginning (as restated Note 11)	<u>1,619,413</u>	<u>134,060</u>	<u>391,295</u>	<u>9,170</u>	<u>2,153,938</u>
Fund balances, ending	<u>\$ 1,347,351</u>	<u>\$ 368,247</u>	<u>\$ 519,121</u>	<u>\$ 9,958</u>	<u>\$ 2,244,677</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	General Fund			Special Revenue Fund		
	<u>Modified</u>		<u>Variance</u>	<u>Modified</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>
Revenues and Other						
Financing Sources						
Revenues:						
Real property taxes	\$ -	\$ -	\$ -	\$ 312,184	\$ 312,184	\$ -
Real property tax items	8,000	8,557	557	-	-	-
Non-property tax items	1,311,012	1,381,450	70,438	988,797	988,797	-
Departmental income	370,025	444,459	74,434	-	-	-
Use of money and property	95,600	78,004	(17,596)	10,000	9,033	(967)
Licenses and permits	4,200	4,278	78	-	-	-
Fines and forfeitures	200,000	164,378	(35,622)	-	-	-
Sale of property and compensation for loss	-	5,447	5,447	1,000	5,342	4,342
Miscellaneous local sources	34,950	15,717	(19,233)	-	337	337
State aid	422,300	561,601	139,301	83,800	84,332	532
Federal aid	-	421	421	-	-	-
Total revenues	<u>2,446,087</u>	<u>2,664,312</u>	<u>218,225</u>	<u>1,395,781</u>	<u>1,400,025</u>	<u>4,244</u>
Other Financing Sources:						
County distribution of surplus	<u>222,599</u>	<u>222,599</u>	<u>-</u>	<u>578,416</u>	<u>578,416</u>	<u>-</u>
Operating transfers	-	-	-	-	-	-
Total revenues and other financing sources	<u>\$ 2,668,686</u>	<u>\$ 2,886,911</u>	<u>\$ 218,225</u>	<u>\$ 1,974,197</u>	<u>\$ 1,978,441</u>	<u>\$ 4,244</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	General Fund			Special Revenue Fund		
	<u>Modified Budget</u>	<u>Actual Adjusted for Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Modified Budget</u>	<u>Actual Adjusted for Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures and Other Financing Uses						
Expenditures:						
General government support	\$ 998,875	\$ 889,516	\$ 109,359	\$ -	\$ -	\$ -
Public safety	84,395	80,080	4,315	-	-	-
Health	38,750	38,493	257	312,184	226,425	85,759
Transportation	120,047	110,812	9,235	1,605,979	1,376,755	229,224
Economic assistance and opportunity	42,743	39,285	3,458	-	-	-
Culture and recreation	466,613	404,671	61,942	-	-	-
Home and community services	326,489	293,314	33,175	-	-	-
Employee benefits	176,262	169,576	6,686	146,929	141,074	5,855
Debt service (principal and interest)	<u>221,875</u>	<u>221,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	2,476,049	2,247,622	228,427	2,065,092	1,744,254	320,838
Other financing uses:						
Operating transfers	<u>963,725</u>	<u>963,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>3,439,774</u>	<u>3,211,347</u>	<u>228,427</u>	<u>2,065,092</u>	<u>1,744,254</u>	<u>320,838</u>
Excess (deficiency) of revenues						
and other financing sources over expenditures and other financing uses	<u>\$ (771,088)</u>	<u>\$ (324,436)</u>	<u>\$ 446,652</u>	<u>\$ (90,895)</u>	<u>\$ 234,187</u>	<u>\$ 325,082</u>

NOTE 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 its Town Charter, other 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 14.

The decision to include a potential component unit in the Town reporting entity is based on several criteria set forth in GASB 14 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 no charge 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) *Basis of Presentation - Fund Accounting:* The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. 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 various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The following fund types and account groups are used by the Town.

GOVERNMENTAL FUND TYPES

Governmental funds are those in which most governmental functions of the Town are reported. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The following are the Town's 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.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNT GROUPS

Account groups are used to establish accounting controls and accountability for general fixed assets and general long-term debt. The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Fixed Asset Account Group - This account group is established to account for all fixed assets of the Town.

General Long-Term Debt Account Group - This account group is used to record all long-term obligations of the Town, such as compensated absences and bonds.

- (c) Basis of Accounting: The modified accrual basis of accounting is followed by the governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable except that:

! Interest on long-term debt is not recognized as an expenditure until paid.

! Compensated absences, which vest or accumulate, are charged as an expenditure when paid.

In applying the susceptible-to-accrual concept to State and Federal Aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax item is sales tax which is recorded as revenue in the general and the Townwide highway fund when it is received by Saratoga County and available for distribution to the Town. Other revenues are recorded when received in cash because they are generally not measurable until actually received.

- (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 of the budget. However, department heads are authorized to transfer certain budgeted amounts within their departmental line items upon written request to the accounting office.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Budgetary Data (Continued):

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.

The special grant fund has not been included in the comparison because it does not have a legally authorized (appropriated) budget. The actual activity of the special grant fund, as follows, is provided in order to reconcile to the total combined balances of the special revenue funds.

	<u>Revenues and Other Sources</u>	<u>Expenditures</u>
Total for funds included in budget comparison	\$ 1,978,441	\$ 1,744,254
Special grant fund	<u>137,160</u>	<u>137,160</u>
Total for funds included in financial statement	<u>\$ 2,115,601</u>	<u>\$ 1,881,414</u>

(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) General Fixed Assets: Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the fixed assets account group. These fixed assets are valued at historical cost or estimated historical cost if actual cost is not available (assets purchased prior to 1987). Donated fixed assets are valued at their estimated fair value on the date donated.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and drainage have not been capitalized. Such assets normally are immovable and of value only to the Town. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest been capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (I) 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. The liability for accumulated vacation has been recorded in the general long-term debt account group. Employees are not entitled to sick time upon termination, therefore no liability for accrued sick leave has been recorded.

Payment of accumulated vacation recorded in the general long-term debt account group is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for payment of accumulated vacation leave when such payments become due.

- (j) 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.
- (k) Post-Retirement Benefits: In addition to providing pension benefits, the Town provides certain health care benefits for retired employees. Substantially all the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. The Town recognizes the cost of providing these post-retirement benefits by expensing the annual insurance premiums, which for the year ended December 31, 2001 was \$28,545 for eight retirees.
- (l) Total Columns on Combined Statements: Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 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 (including letters of credit from the Federal Home Loan Bank), 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 2001, 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.

TOWN OF WILTON, NEW YORK
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001

NOTE 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, 2001 the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 629,048
Townwide Highway	322,761
Emergency Squad	88,214
Capital Projects	<u>556,752</u>
	<u><u>\$ 1,596,775</u></u>

NOTE 4. SPECIAL DISTRICT TAXES

Special district tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the emergency squad district fund based upon budgeted amounts. The current year's special district taxes are levied to collect taxes due as of January 1 based on the assessed value of real property within the Town.

Taxes for special district purposes are levied together with taxes for the County as a single bill. The special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all special district taxes levied in the Town.

NOTE 5. RESTRICTED CASH

Restricted cash consist of a Section 8 Housing cash account in the amount of \$27,378, and Trust and Agency cash of \$449,446.

NOTE 6. FIXED ASSETS

A summary of changes in the fixed asset account group is as follows:

	Balance January 1, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2001</u>
Land and improvements	\$ 933,570	\$ 2,495	\$ -	\$ 936,065
Leasehold improvements	47,592	-	-	47,592
Buildings	3,655,903	37,820	-	3,693,723
Machinery and equipment	2,317,149	364,738	64,177	2,617,710
Construction in Progress	-	<u>136,810</u>	-	<u>136,810</u>
	<u>\$ 6,954,214</u>	<u>\$ 541,863</u>	<u>\$ 64,177</u>	<u>\$ 7,431,900</u>

TOWN OF WILTON, NEW YORK
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001

NOTE 7. DEBT

A summary of changes in debt is as follows:

	Balance January 1, 2001	Additions	Deletions	Balance December 31, 2001
Bonds (Long-Term)	\$ 1,800,000	\$ -	\$ 120,000	\$ 1,680,000
Compensated absences*	12,787	1,978	-	14,765
	<u>\$ 1,812,787</u>	<u>\$ 1,978</u>	<u>\$ 120,000</u>	<u>\$ 1,694,765</u>

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

Bonds (Long-Term)

Bond indebtedness is as follows:

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	Balance December 31, 2001
Landfill Closure	4/92	\$ 50,000	6.50%	11/02	\$ 50,000
Public Improvements	5/95	75,000	5.70%	5/02	75,000
Public Improvements	5/95	80,000	5.70%	5/03	80,000
Public Improvements	5/95	85,000	5.70%	5/04	85,000
Public Improvements	5/95	90,000	5.70%	5/05	90,000
Public Improvements	5/95	95,000	5.70%	5/06	95,000
Public Improvements	5/95	105,000	5.70%	5/07	105,000
Public Improvements	5/95	110,000	5.70%	5/08	110,000
Public Improvements	5/95	115,000	5.70%	5/09	115,000
Public Improvements	5/95	125,000	5.70%	5/10	125,000
Public Improvements	5/95	135,000	5.70%	5/11	135,000
Public Improvements	5/95	140,000	5.70%	5/12	140,000
Public Improvements	5/95	150,000	5.75%	5/13	150,000
Public Improvements	5/95	160,000	5.80%	5/14	160,000
Public Improvements	5/95	165,000	5.80%	5/15	165,000
					<u>\$ 1,680,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2002	\$ 125,000	\$ 94,492	\$ 219,492
2003	80,000	86,825	166,825
2004	85,000	82,123	167,123
2005	90,000	77,065	167,065
2006	95,000	71,862	166,862
Thereafter	<u>1,205,000</u>	<u>339,633</u>	<u>1,544,633</u>
	<u>\$ 1,680,000</u>	<u>\$ 752,000</u>	<u>\$ 2,432,000</u>

Total interest expenditures for the year ended December 31, 2001 were \$101,875.

NOTE 8. RESERVED FUND BALANCES

GENERAL FUND:

Reserve for Encumbrances - The amount of \$33,567 has been reserved for fulfillment of open 2001 purchase orders and, therefore, is not an available current financial resource.

Reserve for Inventory - The amount of \$2,653 has been reserved against the value of inventory which is not an available current financial resource.

HIGHWAY FUND:

Reserve for Inventory - The amount of \$14,292 has been reserved against the value of inventory which is not an available current financial resource.

Reserve for Equipment - The amount of \$35,000 has been reserved for equipment in a capital reserve fund established pursuant to general municipal law section 6-c.

CAPITAL PROJECTS FUND:

Reserve for Encumbrances - The amount of \$235,489 has been reserved for fulfillment of open 2001 purchase orders and, therefore, is not an available current financial resource.

NOTE 9. 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.

For the year ended December 31, 2001, \$578,416 and \$385,309 were transferred from the Town's general fund to the highway fund to subsidize operations and capital projects funds, respectively. Additionally, a residual equity transfer of \$18,807 was made from the capital projects fund to the general fund.

Interfund receivable and payable balances arising from these transactions as of December 31, 2001 were as follows:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General	\$ 2,349	\$ -
Capital Projects	-	8,000
Trust and Agency	8,000	2,349
	<u>\$ 10,349</u>	<u>\$ 10,349</u>

NOTE 10. PENSION PLAN

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, Gov. Alfred E. Smith State Office Building, 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:

2001	\$ 8,829
2000	27,597
1998	1,402

The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The 2000 contribution was substantially more than the previous year contribution due to an early retirement incentive payment made.

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ended March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Town elected to make the full payment on December 15, 1989. As of December 31, 2001, the Town had no accumulated deferred credits remaining.

TOWN OF WILTON, NEW YORK
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001

NOTE 11. FUND BALANCE RESTATEMENT

The general fund beginning fund balance was restated as a result of the implementation of GASB 33 as follows:

Fund Balance as Previously Reported	\$ 1,431,978
Accrual of Revenues:	
Mortgage Tax	67,644
Franchise Tax	91,094
Other Revenues	<u>28,697</u>
Fund Balance as Restated	<u><u>\$ 1,619,413</u></u>

NOTE 12. 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 general purpose financial statements taken as a whole.

Self-Insurance: The Town participates in a self-insurance plan for workers' compensation under Local Law No. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan 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 Town contribution to the plan is levied together with taxes for the County and special district purposes as a single bill.

Grant Programs: The Town has entered into a housing assistance payment contract with the Department of Housing and Urban Development (HUD), which expires January 31, 2002. Under the terms of this contract, the Town will receive varying amounts of monthly rental assistance payments based upon the size of the dwelling unit, to a maximum annual rental assistance of \$134,126 for all dwelling units, with an additional amount to be received for program administration. Total rental assistance received from HUD was \$137,160 for the year ended December 31, 2001.

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.

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease: The Town has constructed a State Police barracks on land leased from the New York State Police (the "Police") for a negligible annual amount. Simultaneously to the land lease, the Town and the Police entered into an agreement for the Police to lease from the Town the barracks for a period of ten years with an automatic option to renew for another five years. Minimum annual lease payments are equivalent to fifty percent of the annual debt service over a fifteen year period.

The amount to be received over the remaining term of the lease are as follows:

2002	\$ 26,603
2003	26,603
2004	26,603
2005	19,952

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, 2001 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. No contributions were made to the plan in 2001.

NOTE 13. SUBSEQUENT EVENT

On February 7, 2002, the Town of Wilton issued serial bonds for the purchase of four pieces of equipment for the Highway Department in the amount of \$480,774. The interest rate on the bonds is 3.5%. The final maturity of the bonds is February 7, 2007.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**REPORT ON COMPLIANCE ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT ON FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the Town of Wilton as of and for the year ended December 31, 2001, and have issued our report thereon dated April 22, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Wilton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Wilton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and the Town Board. However, this report is a matter of public record and its distribution is not limited.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 22, 2002