

TOWN OF WILTON, NEW YORK
FINANCIAL REPORT

DECEMBER 31, 2003

TOWN OF WILTON, NEW YORK

TABLE OF CONTENTS

DECEMBER 31, 2003

	<u>Page</u>
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
Notes to financial statements	7-16
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	17

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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, 2003, 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, 2003, 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 14, 2004, 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* and should be read in conjunction with this report in considering the results of our audit.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 14, 2004

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	Governmental Fund Types			Fiduciary Fund Types	Account Groups		Memorandum Only Total
	General	Special Revenue	Capital Projects	Trust and Agency	Fixed Assets	Long-term Obligations	
ASSETS							
Cash	\$ 1,209,098	\$ 575,924	\$ 309,173	\$ -	\$ -	\$ -	\$ 2,094,195
Other receivables	187,477	-	169,062	-	-	-	356,539
State and federal receivables	8,378	-	25,000	-	-	-	33,378
Due from other governments	851,633	-	-	-	-	-	851,633
Due from other funds	357	21,877	36,972	-	-	-	59,206
Restricted cash	-	32,071	-	456,707	-	-	488,778
Inventory	5,632	21,034	-	-	-	-	26,666
Prepaid expenditures	36,905	17,330	-	-	-	-	54,235
Fixed assets	-	-	-	-	9,700,089	-	9,700,089
Amount to be provided for retirement of long-term debt	-	-	-	-	-	1,945,981	1,945,981
	\$ 2,299,480	\$ 668,236	\$ 540,207	\$ 456,707	\$ 9,700,089	\$ 1,945,981	\$ 15,610,700

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
DECEMBER 31, 2003

	Governmental Fund Types			Fiduciary Fund Types	Account Groups			Memorandum Only Total
	General	Special Revenue	Capital Projects	Trust and Agency	Fixed Assets	Long-term Obligations		
LIABILITIES & FUND EQUITY								
LIABILITIES								
Accounts payable	\$ 90,399	\$ 153,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,299
Accrued liabilities	7,822	3,824	226,085	-	-	-	67,432	305,163
Agency liabilities	-	-	-	387,239	-	-	-	387,239
Deferred revenue	-	12,463	-	-	-	-	-	12,463
Due to other funds	-	357	-	58,849	-	-	-	59,206
Compensated absences	-	-	-	-	-	-	18,775	18,775
Bonds and notes	-	-	-	-	-	-	1,859,774	1,859,774
Total liabilities	98,221	170,544	226,085	446,088	-	-	1,945,981	2,886,919
COMMITMENTS AND CONTINGENCIES								
FUND EQUITY								
Investment in fixed assets					9,700,089	-	-	9,700,089
Fund balances:								
Reserved for:								
Encumbrances	-	34,900	-	-	-	-	-	34,900
Trust	-	-	-	10,619	-	-	-	10,619
Inventory/Prepaid Expenses	42,537	38,364	-	-	-	-	-	80,901
Capital Projects	-	-	314,122	-	-	-	-	314,122
Equipment	-	325,199	-	-	-	-	-	325,199
Unreserved:								
Undesignated	2,158,722	99,229	-	-	-	-	-	2,257,951
Total fund equity	2,201,259	497,692	314,122	10,619	9,700,089	-	-	12,723,781
	\$ 2,299,480	\$ 668,236	\$ 540,207	\$ 456,707	\$ 9,700,089	\$ 1,945,981		\$15,610,700

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Expendable Trust	Memorandum Only Total
	General	Special Revenue	Capital Projects		
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Real property taxes	\$ -	\$ 358,157	\$ -	\$ -	\$ 358,157
Real property tax items	7,717	-	-	-	7,717
Non-property tax items	2,016,805	1,497,321	-	-	3,514,126
Departmental income	323,300	5,000	-	-	328,300
Use of money and property	124,428	4,932	9,058	282	138,700
Licenses and permits	138,975	-	-	-	138,975
Fines and forfeitures	240,102	-	-	-	240,102
Sale of property and compensation for loss	1,557	80,701	-	-	82,258
Miscellaneous local sources	14,355	22,386	360,272	-	397,013
State aid	930,842	85,592	25,000	-	1,041,434
Federal aid	-	147,256	-	-	147,256
Total revenue	<u>3,798,081</u>	<u>2,201,345</u>	<u>394,330</u>	<u>282</u>	<u>6,394,038</u>
Other financing sources:					
Proceeds from serial bonds	1,475,000	-	-	-	1,475,000
Operating transfers	-	401,522	499,091	-	900,613
Total revenues and other financing sources	<u>5,273,081</u>	<u>2,602,867</u>	<u>893,421</u>	<u>282</u>	<u>8,769,651</u>
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
General government support	1,059,818	800	19,163	-	1,079,781
Public safety	54,325	-	-	-	54,325
Health	20,235	486,705	-	-	506,940
Transportation	98,712	1,584,697	2,119,370	-	3,802,779
Economic assistance and opportunity	9,525	132,288	-	-	141,813
Culture and recreation	372,768	-	-	-	372,768
Home and community services	344,246	-	21,216	-	365,462
Employee benefits	242,648	207,018	-	-	449,666
Debt service (principal and interest)	1,621,677	111,147	-	-	1,732,824
Total expenditures	<u>3,823,954</u>	<u>2,522,655</u>	<u>2,159,749</u>	<u>-</u>	<u>8,506,358</u>
Other financing uses:					
Operating transfers	900,613	-	-	-	900,613
Total expenditures and other financing uses	<u>4,724,567</u>	<u>2,522,655</u>	<u>2,159,749</u>	<u>-</u>	<u>9,406,971</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	548,514	80,212	(1,266,328)	282	(637,320)
Fund balances, beginning	<u>1,652,745</u>	<u>417,480</u>	<u>1,580,450</u>	<u>10,337</u>	<u>3,661,012</u>
Fund balances, ending	<u>\$ 2,201,259</u>	<u>\$ 497,692</u>	<u>\$ 314,122</u>	<u>\$ 10,619</u>	<u>\$ 3,023,692</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, 2003

	<u>General Fund</u>			<u>Special Revenue Fund</u>		
	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues and Other Financing Sources						
Revenues:						
Real property taxes	\$ -	\$ -	\$ -	\$ 358,157	\$ 358,157	\$ -
Real property tax items	4,800	7,717	2,917	-	-	-
Non-property tax items	1,558,112	2,016,805	458,693	1,497,321	1,497,321	-
Departmental income	392,660	323,300	(69,360)	-	5,000	5,000
Use of money and property	65,600	124,428	58,828	4,000	4,932	932
Licenses and permits	5,150	138,975	133,825	-	-	-
Fines and forfeitures	175,000	240,102	65,102	-	-	-
Sale of property and compensation for loss	-	1,557	1,557	20,000	80,701	60,701
Miscellaneous local sources	-	14,355	14,355	-	22,386	22,386
State aid	571,600	930,842	359,242	84,333	85,592	1,259
Federal aid	-	-	-	-	14,968	14,968
Total revenues	<u>2,772,922</u>	<u>3,798,081</u>	<u>1,025,159</u>	<u>1,963,811</u>	<u>2,069,057</u>	<u>105,246</u>
Other Financing Sources:						
Proceeds from serial bonds	1,475,000	1,475,000	-	-	-	-
Operating transfers	948,813	-	(948,813)	401,522	401,522	-
Total revenues and other financing sources	<u>\$ 5,196,735</u>	<u>\$ 5,273,081</u>	<u>\$ 76,346</u>	<u>\$ 2,365,333</u>	<u>\$ 2,470,579</u>	<u>\$ 105,246</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, 2003

	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	\$ 1,261,041	\$ 1,059,818	\$ 201,223	\$ -	\$ 800	\$ (800)
Public safety	72,528	54,325	18,203	-	-	-
Health	20,323	20,235	88	493,331	486,705	6,626
Transportation	114,095	98,712	15,383	1,838,323	1,619,597	218,726
Economic assistance and opportunity	12,609	9,525	3,084	-	-	-
Culture and recreation	470,688	372,768	97,920	-	-	-
Home and community services	431,292	344,246	87,046	-	-	-
Employee benefits	270,721	255,166	15,555	224,105	207,018	17,087
Debt service (principal and interest)	1,641,825	1,621,677	20,148	111,148	111,147	1
Total expenditures	4,295,122	3,836,472	458,650	2,666,907	2,425,267	241,640
Other financing uses:						
Operating transfers	901,613	900,613	1,000	-	-	-
Total expenditures and other financing uses	5,196,735	4,737,085	459,650	2,666,907	2,425,267	241,640
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 535,996	\$ 535,996	\$ (301,574)	\$ 45,312	\$ 346,886

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 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 an annual charge of \$6000 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) 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.

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.

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	\$ 2,470,579	\$ 2,425,267
Special grant fund	132,288	132,288
Less: Encumbrances	<u>-</u>	<u>(34,900)</u>
Total for funds included in financial statements	<u>\$ 2,602,867</u>	<u>\$ 2,522,655</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.

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, 2003 was \$46,678 for twelve 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.

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 2003, 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, 2003 of the Town's total cash of \$2,094,195, the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 1,209,098
Townwide Highway	465,964
Emergency Squad	8,946
Capital Projects	<u>309,173</u>
	<u>\$ 1,993,181</u>

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.

5. RESTRICTED CASH

Restricted cash consists of a Section 8 Housing cash account in the amount of \$32,071, and Trust and Agency cash of \$456,707.

6. FIXED ASSETS

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

	Balance January 1 <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2003</u>
Land and improvements	\$ 1,065,668	\$ 63,359	\$ -	\$ 1,129,027
Leasehold improvements	47,592	-	-	47,592
Buildings	3,913,826	1,293,871	-	5,207,697
Machinery and equipment	<u>2,669,378</u>	<u>765,188</u>	<u>118,793</u>	<u>3,315,773</u>
Construction in Progress	<u>\$ 7,696,464</u>	<u>\$ 2,122,418</u>	<u>\$ 118,793</u>	<u>\$ 9,700,089</u>

TOWN OF WILTON, NEW YORK
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

7. DEBT

A summary of changes in debt is as follows:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Bonds (Long-Term)	\$ 2,035,774	\$ 1,475,000	\$ 1,651,000	\$ 1,859,774
Compensated absences*	17,880	895	-	18,775
Due to retirement system	80,225	-	12,793	67,432
	<u>\$ 2,133,879</u>	<u>\$ 895</u>	<u>\$ 188,793</u>	<u>\$ 1,945,981</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:

Description	Date Issued	Original Amount	Interest Rate	Maturity	Balance December 31, 2003
Public Improvements	5/03	\$ 1,475,000	3.0%	5/13	\$ 1,475,000
Highway Equipment	2/02	480,774	3.5%	2/07	384,774
					<u>\$ 1,859,774</u>

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

	Principal	Interest	Total Debt Service
2004	\$ 181,000	\$ 93,910	\$ 274,910
2005	186,000	85,562	271,562
2006	191,000	76,809	267,809
2007	201,774	67,735	269,509
2008	110,000	60,035	170,035
Thereafter	990,000	210,435	1,200,435
	<u>\$ 1,859,774</u>	<u>\$ 594,486</u>	<u>\$ 2,454,260</u>

Total interest expenditures for the year ended December 31, 2003 were \$81,824.

8. RESERVED FUND BALANCES

GENERAL FUND:

Reserve for Inventory/Prepaid Expenses - The amount of \$42,537 has been reserved against the value of inventory which is not an available current financial resource.

SPECIAL REVENUE FUND:

Reserve for Encumbrances - The amount of \$34,900 has been reserved for open 2003 purchase orders and, therefore, is not an available current financial resource.

Reserve for Inventory/Prepaid Expenses - The amount of \$38,364 has been reserved against the value of inventory which is not an available current financial resource.

Reserve for Capital Projects - The amount of \$8,946 has been reserved in a capital reserve fund established pursuant to general municipal law section 6-c.

Reserve for Equipment - The amount of \$325,199 has been reserved for equipment in a capital reserve fund established pursuant to general municipal law section 6-c.

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, 2003, \$401,522 and \$499,091 were transferred from the Town's general fund to the highway fund to subsidize operations and capital projects funds, respectively.

Interfund receivable and payable balances arising from these transactions as of December 31, 2003 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 357	\$ -
Highway	21,877	357
Capital Projects	36,972	-
Trust and Agency	-	58,849
	<u>\$ 59,206</u>	<u>\$ 59,206</u>

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, 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.

10. PENSION PLAN (CONTINUED)

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:

2003	\$ 79,479
2002	15,843
2001	8,829

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

11. 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.

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.

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 (ending in May 2004) 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.

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2003 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 \$14,878 in 2003.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
*ALSO LICENSED IN VERMONT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT ON FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT 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, 2003, and have issued our report thereon dated April 14, 2004. 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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 14, 2004