

TOWN OF WILTON, NEW YORK
FINANCIAL REPORT

DECEMBER 31, 2005

TOWN OF WILTON, NEW YORK

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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 financial statements of the Town of Wilton, New York, as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Town of Wilton, New York's management. 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 *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2005, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 24, 2006

TOWN OF WILTON, NEW YORK*STATEMENT OF NET ASSETS**DECEMBER 31, 2005*

Assets

Current assets:

Cash	\$ 2,962,373
Other receivables	98,030
State and federal receivables	229,083
Due from other governments	957,690
Prepaid expenses	105,148
Inventory	<u>39,000</u>
Total current assets	<u>4,391,324</u>

Noncurrent assets:

Restricted cash	641,929
Capital assets, net of accumulated depreciation	<u>8,891,757</u>
Total noncurrent assets	<u>9,533,686</u>

Total assets \$ 13,925,010

Liabilities

Current liabilities:

Bonds payable	\$ 130,000
Accounts payable and accrued liabilities	436,733
Unearned revenues	14,539
Compensated absences payable	<u>28,116</u>
Total current liabilities	<u>609,388</u>

Bonds payable, net of current portion 1,095,000

Total liabilities 1,704,388

Commitments and Contingencies**Net Assets**

Invested in capital assets, net of related debt 7,666,757

Restricted for:

Encumbrances	36,009
Inventory/prepays	132,839
Parkland	109,268
Traffic mitigation	429,186
Capital projects	146,598
Equipment	100,245

Unrestricted 3,599,720

Total net assets 12,220,622

Total liabilities and net assets \$ 13,925,010

TOWN OF WILTON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

		Program Revenues			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<u>Governmental Activities</u>	<u>Expenses</u>				
General Government	\$ 1,390,408	\$ 221,495	\$ -	\$ 24,000	\$(1,144,913)
Public Safety	69,980	-	-	-	(69,980)
Health	416,288	-	-	-	(416,288)
Transportation	2,239,921	123,135	-	271,051	(1,845,735)
Economic assistance	10,616	-	-	-	(10,616)
Culture and recreation	798,960	226,962	-	-	(571,998)
Home and community services	754,924	377,682	129,879	102,825	(144,538)
Total governmental activities	<u>\$ 5,681,097</u>	<u>\$ 949,274</u>	<u>\$ 129,879</u>	<u>\$ 397,876</u>	<u>\$(4,204,068)</u>
General revenues:					
Property taxes					401,592
Franchise taxes					185,761
Sales taxes					4,400,157
Mortgage taxes					840,220
State aid					56,511
Use of money and property					108,946
Total general revenues					<u>5,993,187</u>
Change in net assets					1,789,119
Net assets, beginning					<u>10,431,503</u>
Net assets, ending					<u>\$ 12,220,622</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<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	\$ 2,618,001	\$ 191,310	\$ 10,127	\$ 142,935	\$ -	\$ 2,962,373
Other receivables	98,000	30	-	-	-	98,030
State and Federal receivables	17,330	-	-	211,753	-	229,083
Due from other governments	957,690	-	-	-	-	957,690
Due from other funds	313	70	-	-	-	383
Prepaid expenses	60,603	33,236	-	-	11,309	105,148
Restricted cash	109,268	529,431	-	-	3,230	641,929
Inventory	<u>14,656</u>	<u>24,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
Total assets	<u>\$ 3,875,861</u>	<u>\$ 778,421</u>	<u>\$ 10,127</u>	<u>\$ 354,688</u>	<u>\$ 14,539</u>	<u>\$ 5,033,636</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2005

	<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	\$ 107,703	\$ 84,753	\$ -	\$ 208,090	\$ -	\$ 400,546
Due to other funds	70	313	-	-	-	383
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,539</u>	<u>14,539</u>
Total liabilities	<u>107,773</u>	<u>85,066</u>	<u>-</u>	<u>208,090</u>	<u>14,539</u>	<u>415,468</u>
Commitments and Contingencies						
Fund balances						
Reserved for:						
Encumbrances	36,009	-	-	-	-	36,009
Inventory/prepays	75,259	57,580	-	-	-	132,839
Parkland	109,268	-	-	-	-	109,268
Traffic mitigation	-	429,186	-	-	-	429,186
Capital projects	-	-	-	146,598	-	146,598
Equipment	-	100,245	-	-	-	100,245
Unreserved:						
Undesignated	<u>3,547,552</u>	<u>106,344</u>	<u>10,127</u>	<u>-</u>	<u>-</u>	<u>3,664,023</u>
Total fund balances	<u>3,768,088</u>	<u>693,355</u>	<u>10,127</u>	<u>146,598</u>	<u>-</u>	<u>4,618,168</u>
Total liabilities and fund balances	<u>\$ 3,875,861</u>	<u>\$ 778,421</u>	<u>\$ 10,127</u>	<u>\$ 354,688</u>	<u>\$ 14,539</u>	<u>\$ 5,033,636</u>

Reconciliation of fund balance to net assets

Total fund balances	4,618,168
Fixed assets, net	8,891,757
Bonds payable	(1,225,000)
Accrual of interest, pension and compensated absences	<u>(64,303)</u>
Net assets	<u>\$ 12,220,622</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<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	\$ -	\$ -	\$ 393,313	\$ -	\$ -	\$ 393,313
Real property tax items	8,279	-	-	-	-	8,279
Non-property tax items	2,525,381	2,060,537	-	-	-	4,585,918
Departmental income	519,577	119,295	-	-	-	638,872
Use of money and property	87,400	18,883	312	2,351	-	108,946
Licenses and permits	95,611	-	-	-	-	95,611
Fines and forfeitures	194,264	-	-	-	-	194,264
Sale of property and compensation for loss	5,454	17	-	-	-	5,471
Miscellaneous local sources	138,358	3,823	-	-	-	142,181
State aid	866,481	89,248	-	30,250	-	985,979
Federal aid	-	-	-	181,503	129,879	311,382
	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,503</u>	<u>129,879</u>	<u>311,382</u>
Total revenue	<u>\$ 4,440,805</u>	<u>\$ 2,291,803</u>	<u>\$ 393,625</u>	<u>\$ 214,104</u>	<u>\$ 129,879</u>	<u>\$ 7,470,216</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, 2005

	<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	\$ 1,279,656	\$ 285	\$ -	\$ 12,986	\$ -	\$ 1,292,927
Public safety	60,034	-	-	-	-	60,034
Health	17,875	-	398,413	-	-	416,288
Transportation	133,042	2,131,983	-	226,279	-	2,491,304
Economic assistance and opportunity	10,616	-	-	-	-	10,616
Culture and recreation	800,276	-	-	-	-	800,276
Home and community services	562,305	-	-	334	129,879	692,518
Employee benefits	368,179	308,299	-	-	-	676,478
Debt service	<u>163,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,625</u>
Total Expenditures	<u>3,395,608</u>	<u>2,440,567</u>	<u>398,413</u>	<u>239,599</u>	<u>129,879</u>	<u>6,604,066</u>
Other Financing Sources and Uses:						
Transfers in	253	37,554	-	38,642	-	76,449
Transfer out	<u>(38,642)</u>	<u>-</u>	<u>-</u>	<u>(37,807)</u>	<u>-</u>	<u>(76,449)</u>
Other Financing Sources and (Uses)	<u>(38,389)</u>	<u>37,554</u>	<u>-</u>	<u>835</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,006,808	(111,210)	(4,788)	(24,660)	-	866,150
Fund Balances, Beginning	<u>2,761,280</u>	<u>804,565</u>	<u>14,915</u>	<u>171,258</u>	<u>-</u>	<u>3,752,018</u>
Fund Balances, Ending	<u>\$ 3,768,088</u>	<u>\$ 693,355</u>	<u>\$ 10,127</u>	<u>\$ 146,598</u>	<u>\$ -</u>	<u>\$ 4,618,168</u>
Reconciliation of revenues and other financing sources and uses over expenditures to change in net assets:						
Revenues and other financing sources and uses over expenditures						866,150
Capitalization of current year asset acquisitions						1,230,704
Depreciation expense						(432,746)
Bond principal payments						125,000
Interest, pension and compensated absences accrual changes						<u>11</u>
Change in Net Assets						<u>\$ 1,789,119</u>

TOWN OF WILTON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005

	<u>Private Purpose</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
Assets		
Cash	\$ 9,551	\$ 14,736
Total assets	<u>\$ 9,551</u>	<u>\$ 14,736</u>
Liabilities		
Agency liabilities	\$ -	\$ 14,736
Net Assets	<u>\$ 9,511</u>	<u>\$ -</u>

	<u>Statement of Changes in</u> <u>Fiduciary Net Assets</u>
Interest income	\$ 74
Contributions	82
Home and community service expense	<u>(590)</u>
Change in net assets	(434)
Net assets, beginning	<u>\$ 9,945</u>
Net assets, ending	<u>\$ 9,511</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<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	\$ 6,500	\$ 6,500	\$ 8,279	\$ -	\$ 1,779
Non-property tax items	1,999,103	2,092,841	2,525,381	-	432,540
Departmental income	320,600	307,900	519,577	-	211,677
Use of money and property	69,600	52,600	87,400	-	34,800
Licenses and permits	70,100	70,100	95,611	-	25,511
Fines and forfeitures	150,000	150,000	194,264	-	44,264
Sale of property and compensation for loss	500	-	5,454	-	5,454
Miscellaneous local sources	2,200	102,200	138,358	-	36,158
State aid	<u>552,511</u>	<u>552,511</u>	<u>866,481</u>	<u>-</u>	<u>313,970</u>
Total revenues	<u>3,171,114</u>	<u>3,334,652</u>	<u>4,440,805</u>	<u>-</u>	<u>1,106,153</u>
Expenditures and Other Financing Uses					
Expenditures:					
General government support	1,422,718	1,426,068	1,279,656	19,324	127,088
Public safety	78,431	78,491	60,034	7,500	10,957
Health	20,700	20,700	17,875	-	2,825
Transportation	112,890	139,877	133,042	-	6,835
Economic assistance and opportunity	13,300	13,300	10,616	-	2,684
Culture and recreation	480,008	834,923	800,276	-	34,647
Home and community services	491,542	655,902	562,305	9,185	84,412
Employee benefits	387,900	387,900	368,179	-	19,721
Debt service	<u>163,625</u>	<u>163,625</u>	<u>163,625</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,171,114</u>	<u>3,720,786</u>	<u>3,395,608</u>	<u>36,009</u>	<u>289,169</u>
Other financing uses:					
Transfer in	-	-	253	-	253
Transfers out	<u>-</u>	<u>(48,532)</u>	<u>(38,642)</u>	<u>-</u>	<u>9,890</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>(48,532)</u>	<u>(38,389)</u>	<u>-</u>	<u>10,143</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (434,666)</u>	<u>\$ 1,006,808</u>	<u>\$ (36,009)</u>	<u>\$ 1,406,465</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues and Other Financing Sources				
Revenues:				
Real property tax items	\$ 136,387	\$ 136,387	\$ -	\$ (136,387)
Non-property tax items	2,060,537	2,060,537	2,060,537	-
Departmental income	-	-	119,295	119,295
Use of money and property	3,000	3,000	18,883	15,888
Sale of property and compensation for loss	7,500	7,500	17	(7,483)
State aid	86,000	86,000	89,248	3,248
Miscellaneous	-	-	3,823	3,823
Total revenues	<u>2,293,424</u>	<u>2,293,424</u>	<u>2,291,803</u>	<u>(1,621)</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>37,554</u>	<u>37,554</u>
Total Revenues and Other Financing Sources	<u>2,293,424</u>	<u>2,293,424</u>	<u>2,329,357</u>	<u>35,933</u>
Expenditures and Other Financing Uses				
Expenditures:				
General government support	-	-	285	(285)
Transportation	2,181,124	2,181,124	2,131,983	49,141
Employee benefits	<u>322,300</u>	<u>322,300</u>	<u>308,299</u>	<u>14,001</u>
Total expenditures	<u>2,503,424</u>	<u>2,503,424</u>	<u>2,440,567</u>	<u>62,857</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (210,000)</u>	<u>\$ (210,000)</u>	<u>\$ (111,210)</u>	<u>\$ 98,790</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 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 \$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) The Town's financial statements are presented on a government-wide, governmental fund and fiduciary fund basis in accordance with GASB Statement #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.

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 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.

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) 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, 2005 was \$57,961 for thirteen 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.

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 2005, 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 FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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, 2005 of the Town's total cash of \$2,962,373, the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 773,366
Highway	191,310
Emergency Squad	10,127
Capital Projects	<u>142,935</u>
	<u>\$ 1,117,738</u>

4. RESTRICTED CASH

Restricted cash consists of the following:

General fund:	
Parkland reserve	\$ 109,268
Highway fund:	
Traffic migration revenue	429,186
Equipment revenue	100,245
Section 8 housing	<u>3,230</u>
	<u>\$ 641,929</u>

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2005 was as follows:

	January 1, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2005</u>
Land	\$ 1,722,779	\$ 163,990	\$ -	\$ 1,886,769
Leasehold improvements	47,592	-	-	47,592
Buildings	4,603,877	117,780	-	4,721,657
Infrastructure	397,784	412,999	-	810,783
Equipment	<u>3,017,155</u>	<u>541,974</u>	<u>6,039</u>	<u>3,553,090</u>
	<u>\$ 9,789,187</u>	<u>\$ 1,236,743</u>	<u>\$ 6,039</u>	<u>\$ 11,019,891</u>
Less Accumulated Depreciation:				
Buildings	\$ 465,195	\$ 116,462	\$ -	\$ 581,657
Leasehold Improvements	3,713	2,668	-	6,381
Infrastructure	16,577	33,149	-	49,726
Equipment	<u>1,209,903</u>	<u>280,467</u>	<u>-</u>	<u>1,490,370</u>
	<u>1,695,388</u>	<u>432,746</u>	<u>-</u>	<u>2,128,134</u>
Net capital assets	<u>\$ 8,093,799</u>	<u>\$ 803,997</u>	<u>\$ 6,039</u>	<u>\$ 8,891,757</u>

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

5. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Depreciation was charged to the following functions:

General Government	\$ 57,927
Transportation	337,070
Culture and Recreation	<u>37,749</u>
Total depreciation expense	<u><u>\$ 432,746</u></u>

6. DEBT

A summary of changes in debt is as follows:

	Balance January 1, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2005</u>
Bonds (Long-Term)	\$ 1,350,000	\$ -	\$ 125,000	\$ 1,225,000
Compensated absences*	14,120	13,996	-	28,116
Due to retirement system	<u>43,444</u>	<u>-</u>	<u>13,382</u>	<u>30,062</u>
	<u><u>\$ 1,407,564</u></u>	<u><u>\$ 13,996</u></u>	<u><u>\$ 138,382</u></u>	<u><u>\$ 1,283,178</u></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, <u>2005</u>
Public Improvements	5/03	\$ 1,475,000	3.0%	5/13	<u><u>\$ 1,225,000</u></u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2006	\$ 130,000	\$ 34,800	\$ 164,800
2007	140,000	30,750	170,750
2008	145,000	26,475	171,475
2009	150,000	22,050	172,050
2010	155,000	17,475	172,475
Thereafter	<u>505,000</u>	<u>23,175</u>	<u>528,175</u>
	<u><u>\$ 1,225,000</u></u>	<u><u>\$ 154,725</u></u>	<u><u>\$ 1,379,725</u></u>

Total interest expenditures for the year ended December 31, 2005 were \$38,625.

7. RESERVED FUND BALANCES

Reserve for Encumbrances - The amount of \$36,009 in the general fund have been reserved for open 2005 purchase orders and, therefore, is not an available current financial resource.

Reserve for Inventory/Prepaid Expenses - The amount of \$75,259 in the general fund and \$57,580 in the highway fund have been reserved against the value of inventory and prepaid expenses which are not an available current financial resource.

Reserve for Parkland - The amount of \$109,268 has been reserved for parkland which represents amounts collected from developers for parkland.

Reserve for Traffic Mitigation - The amount of \$429,186 has been reserved for traffic mitigation which represents amounts collected from developers for traffic mitigation.

Reserve for Capital Projects - The amount of \$146,598 has been reserved in a capital reserve fund established pursuant to general municipal law section 6-c.

Reserve for Equipment - The amount of \$100,245 has been reserved for equipment in a capital reserve fund established pursuant to general municipal law section 6-c.

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.

For the year ended December 31, 2005, \$38,642 was transferred from the Town's general fund to the capital projects fund and \$37,807 was transferred from the capital projects fund to the highway (\$37,554) and general fund (\$253).

Interfund receivable and payable balances arising from these transactions as of December 31, 2005 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 313	\$ 70
Highway	<u>70</u>	<u>313</u>
	<u>\$ 383</u>	<u>\$ 383</u>

9. 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.

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:

2005	\$ 193,106
2004	\$ 196,368
2003	\$ 79,479

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:

1. Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
2. Changes 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 (e.g., billings due February 2006 would be based on the pension value as of March 31, 2004.)

On July 30, 2004, Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employees to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

3. For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
4. For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered salaries.
5. For SFY 2006-07, the amount in excess of 0.5 percent of employees' covered salaries.

6.
7.

9. PENSION PLAN

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal year ending March 31, 2005 through 2007. The Town of Wilton elected to make full payment of their retirement bill.

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 repay their payment by December 15. The covered salary period (April 1-March 31) will 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 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.

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, 2005 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

10. COMMITMENTS AND CONTINGENCIES

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 \$14,751 in 2005.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS 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 financial statements of the Town of Wilton as of and for the year ended December 31, 2005, and have issued our report thereon dated March 24, 2006. 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.

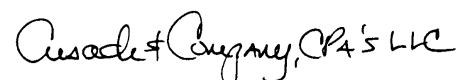
Internal Control Over Financial Reporting

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 an opinion 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 reportable 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 caused by error or fraud 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.

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 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*.

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
March 24, 2006