

TOWN OF WILTON, NEW YORK
FINANCIAL REPORT

DECEMBER 31, 2007

TOWN OF WILTON, NEW YORK

TABLE OF CONTENTS

DECEMBER 31, 2007

	<u>Page</u>
Management's Discussion and Analysis	1-7
Independent Auditor's Report on the Financial Statements	8
Government-Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities and Changes in Net Assets	10
Government Fund Financial Statements	
Combined Balance Sheet - Governmental Funds	11-12
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13-14
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets	15
Budgetary Comparison Financial Statements	
Budgetary Comparison Statement - General Fund	16
Budgetary Comparison Statement - Highway Fund	17
Notes to the Financial Statements	18-27
Additional Report Required by Government Auditing Standards	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	28-29

Town of Wilton, New York
Management's Discussion and Analysis (Unaudited)
December 31, 2007

Our discussion and analysis of the Town of Wilton's performance provides an overview of the Town's activities for the fiscal year ended December 31, 2007. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements, including the notes to the financial statements.

Financial Highlights

- The Town's net assets are valued at \$14,865,633 an increase of \$1,926,251 over the prior year.
- Total revenues generated in 2007 were \$8,142,651. Sales tax revenue generated 55% of this total comprised \$4,161,662.
- The Town's contribution to the NYS Retirement system was \$190,000 a decrease of \$7,000 over 2006.
- The Town of Wilton purchased over \$400,000 worth of Machinery and Equipment.
- The Town of Wilton invested over \$640,000 in road improvements.
- The Town added 15 acres of athletic fields to its Town Park (Gavin Park) through a land lease with Saratoga Springs School District. Improvements were made to the newly leased property in the amount of \$347,000.
- The Town made improvements to the Highway Garage by installing new fuel pumps and salt shed at a total cost of \$343,000.
- The Town's General Fund Unappropriated Fund Balance increased by \$703,000 to a high of \$4,366,000.

Using this Financial Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a complete view of the Town's finances. Fund financial statements are also included in this report, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most financially significant funds.

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net

Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. You can think of the Town's net assets as the difference between assets, what the citizens own, and the liabilities, what the citizens owe, as one way to measure the Town's financial stability. Over time, increases or decreases in the Town's net assets is one indicator of whether its financial health is improving or deteriorating. You will need to consider the other non-financial factors, such as changes in the Town's sales tax base, population, an implementation of a town tax (we currently do not have one), the condition of the Town's capital assets (buildings, parks, highway machinery etc...) to assess the overall position of the Town.

Fund Financial Statements

The Town reports its operations using governmental funds. Some of these funds are required to be established by State law and others are established by the Town Board to help it control money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's basic services are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting as defined earlier in this discussion. The Town uses the following governmental fund types:

General Fund - The general fund is the primary operating funds of the Town and 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 specific purposes. The Town maintains a Townwide Highway Fund, Emergency Squad District Fund and Special Grant Fund.

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

The Town as Trustee

The Town is the trustee, or fiduciary for other assets that because of a trust arrangement can be used only for the trust beneficiaries. The Town is responsible for ensuring that the assets reported in these trust funds are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's Governmental Activities total net assets are \$14,865,633, an increase of \$1,926,251 over the prior year. Our analysis below focuses on the fund balances and changes in the fund balances of the Town's Governmental fund types.

<u>Net Assets (in Thousands)</u>	
	<u>Governmental Activities</u>
Current and other assets	\$4,384
Account Receivables	\$1,160
Capital Assets	\$10,780
Total Assets	<u>\$16,324</u>
L-T Debt Outstanding	\$810
Other Liabilities	\$648
Total Liabilities	<u>\$1,458</u>
Net Assets:	
Invested in capital assets,	
net of debt	\$8,984
Restricted	\$1,044
Unrestricted	\$4,838
Total Net Assets	<u>\$14,866</u>

THE TOWN AS A WHOLE (continued)

Sales Tax revenues received was \$4,161,662 million which represents 55% of the total revenue source of the Town.

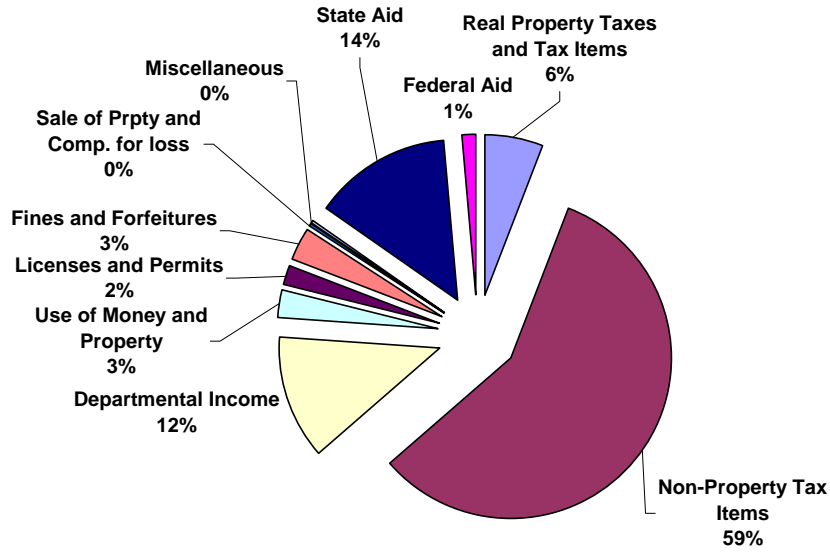
Highway equipment reserves are \$145,439, these monies represent funds that have been set aside to purchase future highway equipment used to maintain the Town's roads and related infrastructure. The Town is using \$76,000 of the Highway Reserve for 2008 purchases. The Traffic Mitigation reserve account is \$613,839 which will help offset the future cost of road improvements due to the increase traffic from businesses. The Town is using \$125,000 of the Traffic Mitigation reserve in 2008. The Park Reserve fund is \$43,238 of which \$35,000 has been appropriated in 2008.

The increase in the unreserved undesignated fund balance from \$3.7 million to \$4.4 million was attributable primarily to two revenue factors: redistribution of County surplus and increased mortgage tax revenues and a third factor which is attributed to the town boards conservative approach to spending.

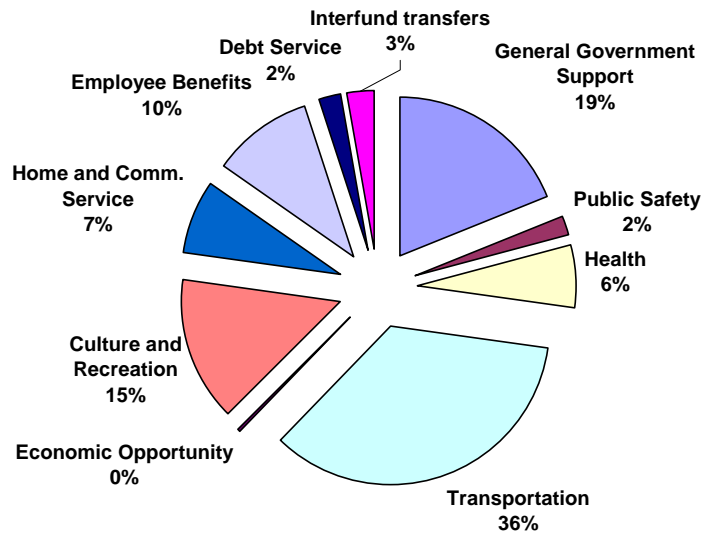
Combined Statement of Revenues and Expenditures

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<u>Revenues</u>		
Real property taxes	\$470,050	\$468,120
Real property tax items	9,678	5,624
Non-property tax items	4,711,759	4,245,090
Departmental Income	1,017,764	680,552
Use of money and property	232,522	159,685
License and permits	148,146	99,394
Fines and forfeitures	281,209	212,344
Sale of property	18,269	56,321
Misc local sources	10,631	14,543
State Aid	1,135,512	980,506
Federal Aid	107,111	131,057
Total revenues	<u>\$8,142,651</u>	<u>\$7,053,236</u>
Other financing sources:		
Proceeds from serial bonds		
Operating Transfers in	212,184	88,142
Total revenues and other financing sources	<u>\$8,354,835</u>	<u>\$7,141,378</u>
<u>Expenditures:</u>		
General government support	\$1,437,189	\$1,230,279
Public safety	159,816	79,487
Health	476,563	484,662
Transportation	2,676,379	2,130,024
Economic assistance and opportuni	13,988	13,320
Culture and recreation	1,141,118	954,217
Home and community services	563,731	698,015
Employee benefits	785,183	720,686
Debt service	170,750	164,800
Total expenses	<u>\$ 7,424,717</u>	<u>\$ 6,475,490</u>
Other financing uses:		
Operating transfers out	212,184	88,142
Total expenditures and other financing sources	<u>\$7,636,901</u>	<u>\$6,563,632</u>

2007 Revenues by Function



2007 Expenses by Function



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2007, the Town had \$12.7 million invested in a broad range of capital assets, including land, buildings and improvements, equipment, and park facilities. The Town has adopted a policy of recording all machinery and equipment with a cost greater than \$5,000, infrastructure with a cost greater than \$25,000 and building's with a cost greater than \$50,000 for GASB 34.

This year's major additions included:

- | | |
|---|-----------|
| • Improvement of School Lands | \$347,000 |
| • Purchase of Highway and Building Dept. equipment and vehicles | \$409,447 |
| • Infrastructure(Roads) | \$596,287 |
| • Highway Garage Improvements ie Salt Shed and Gas Pumps | \$343,000 |

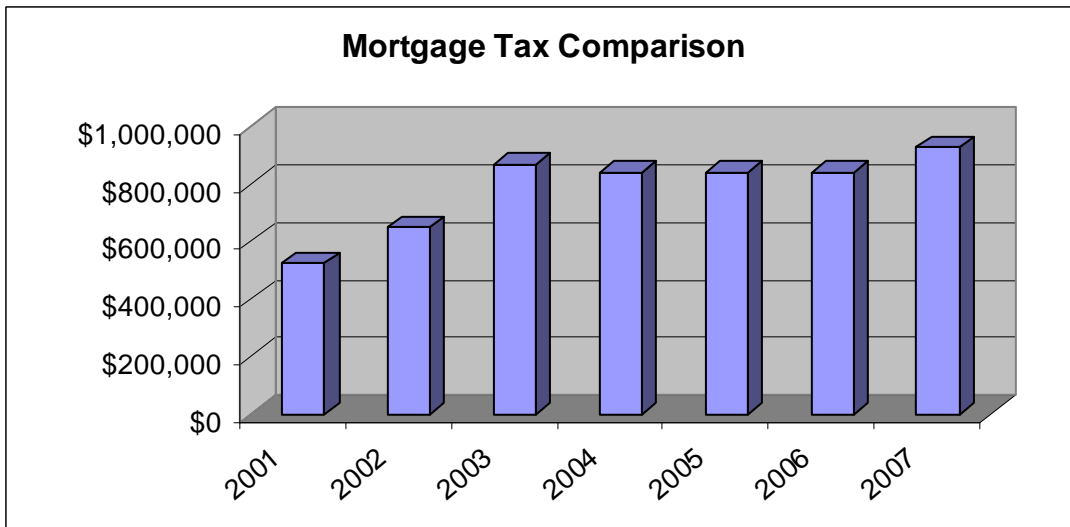
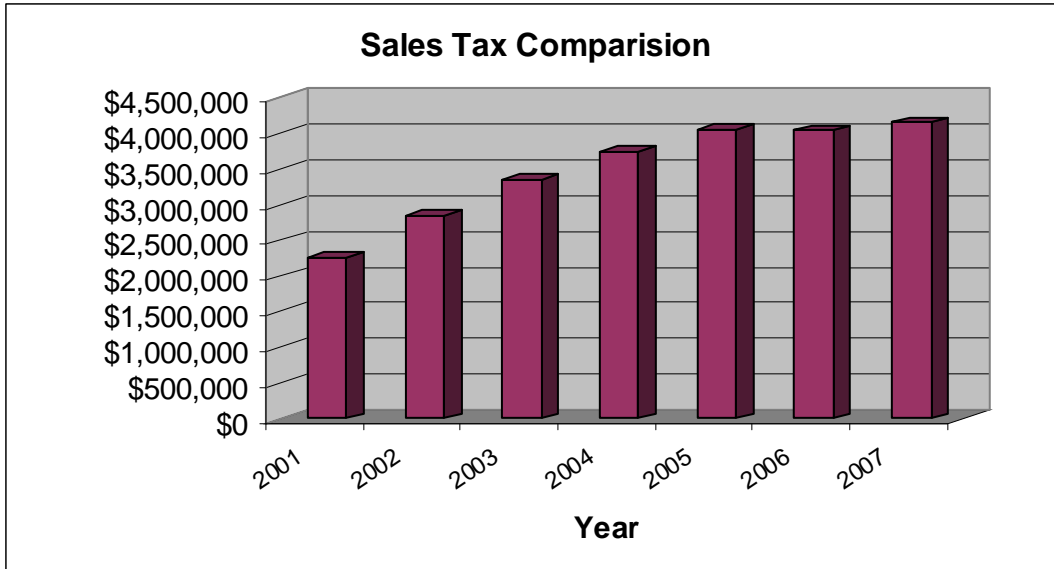
Debt:

At year end, the Town had \$955,000 in bonds outstanding versus \$1,095,000 last year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the 2007 budget. Some of those factors are the economy and the Town's long running commitment to hold to a "no town tax". Because of the Town's fast growing economy and fiscally conservative approach to spending the Town is in a very healthy position. Because the Town relies on Sales Tax and Mortgage Tax revenue to fund its budget and the leaders of this community have had the foresight to create an area of town for retail business within the town. The Town's retail district is one of the most frequented areas to shop within the County of Saratoga. The population has grown from 12,511 in 2000 to an estimated 15,347 according to the *Capital District Regional Planning Commission* 2005 report. The 2005 estimates have projected that the Town's population is considered one of the fastest growing in New York State.

In 2004 the Town adopted a Master Plan and look to implement many of the recommendations that were within this plan. The 2008 budget will be utilizing \$175,000 of the year end \$4.5 million dollar fund balance. Strong economic indicators allow us to continue to use sales tax and mortgage tax revenues to account for most of the estimated revenues for the Town's budget. Please see the charts below for a 6 year visual of the continued increase in sales and mortgage tax revenues.



CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's financial resources and to show the Town's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the Town Comptroller at (518)587-1939 ext. 217, email jreale@townofwilton.com or you can mail your request to the Town of Wilton, 22 Traver Road, Gansevoort, New York 12831.

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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

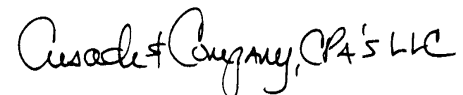
We have audited the accompanying financial statements of the Town of Wilton, New York, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Town of Wilton, New York's management. Our responsibility is to express an 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, 2007, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 1 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008 on our consideration of the Town of Wilton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. 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
March 28, 2008

TOWN OF WILTON, NEW YORK

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

Assets

Current assets:

Cash	\$ 4,227,527
Other receivables	217,063
State and federal receivables	21,718
Due from other governments	920,694
Prepaid expenses	110,788
Inventory	<u>45,571</u>
Total current assets	<u>5,543,361</u>

Noncurrent assets:

Restricted cash	841,073
Capital assets, net of accumulated depreciation	<u>9,938,903</u>
Total noncurrent assets	<u>10,779,976</u>

Total assets \$ 16,323,337

Liabilities

Current liabilities:

Bonds payable	\$ 145,000
Accounts payable and accrued liabilities	381,368
Due to other governments	47,090
Unearned revenues	46,903
Compensated absences payable	<u>27,343</u>
Total current liabilities	<u>647,704</u>

Bonds payable, net of current portion 810,000

Total liabilities 1,457,704

Commitments and Contingencies

Net Assets

Invested in capital assets, net of related debt 8,983,903

Restricted for:

Encumbrances	14,079
Inventory/prepays	148,425
Parkland	43,238
Traffic mitigation	613,840
Capital projects	78,813
Equipment	145,439

Unrestricted - Designated for subsequent years budget 425,000

Unrestricted 4,412,896

Total net assets 14,865,633

Total liabilities and net assets \$ 16,323,337

TOWN OF WILTON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense
<u>Governmental Activities</u>	<u>Expenses</u>				
General Government	\$ 1,714,220	\$ 283,929	\$ -	\$ -	\$ 1,430,291
Public Safety	167,946	-	-	-	167,946
Health	476,563	1,850	-	-	474,713
Transportation	2,251,620	249,738	-	100,950	1,900,932
Economic assistance	13,988	-	-	-	13,988
Culture and recreation	953,088	312,355	-	-	640,733
Home and community services	638,975	617,547	117,711	-	(96,283)
Total governmental activities	<u>\$ 6,216,400</u>	<u>\$ 1,465,419</u>	<u>\$ 117,711</u>	<u>\$ 100,950</u>	<u>4,532,320</u>
General revenues:					
Property taxes					479,728
Franchise taxes					205,957
Sales taxes					4,505,802
Mortgage taxes					933,805
State aid					100,757
Use of money and property					<u>232,522</u>
Total general revenues					<u>6,458,571</u>
Change in net assets					1,926,251
Net assets, beginning					<u>12,939,382</u>
Net assets, ending					<u>\$ 14,865,633</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<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	\$ 3,960,550	\$ 206,333	\$ 13,511	\$ 47,133	\$ -	\$ 4,227,527
Other receivables	216,482	168	-	-	413	217,063
State and Federal receivables	21,718	-	-	-	-	21,718
Due from other governments	661,403	259,291	-	-	-	920,694
Due from other funds	480	163	-	-	-	643
Prepaid expenses	84,954	17,900	-	-	7,934	110,788
Restricted cash	43,238	759,279	-	-	38,556	841,073
Inventory	<u>7,740</u>	<u>37,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,571</u>
Total assets	<u>\$ 4,996,565</u>	<u>\$ 1,280,965</u>	<u>\$ 13,511</u>	<u>\$ 47,133</u>	<u>\$ 46,903</u>	<u>\$ 6,385,077</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2007

	<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	\$ 226,063	\$ 150,530	\$ -	\$ -	\$ -	\$ 376,593
Due to other governments	47,090	-	-	-	-	47,090
Due to other funds	163	480	-	-	-	643
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,903</u>	<u>46,903</u>
Total liabilities	<u>273,316</u>	<u>151,010</u>	<u>-</u>	<u>-</u>	<u>46,903</u>	<u>471,229</u>
Commitments and Contingencies						
Fund balances						
Reserved for:						
Encumbrances	14,079	-	-	-	-	14,079
Inventory/prepays	92,694	55,731	-	-	-	148,425
Parkland	43,238	-	-	-	-	43,238
Traffic mitigation	-	613,840	-	-	-	613,840
Capital projects	31,680	-	-	47,133	-	78,813
Equipment	-	145,439	-	-	-	145,439
Unreserved:						
Undesignated	4,366,558	64,945	13,511	-	-	4,445,014
Designated for subsequent years budget	<u>175,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,000</u>
Total fund balances	<u>4,723,249</u>	<u>1,129,955</u>	<u>13,511</u>	<u>47,133</u>	<u>-</u>	<u>5,913,848</u>
Total liabilities and fund balances	<u>\$ 4,996,565</u>	<u>\$ 1,280,965</u>	<u>\$ 13,511</u>	<u>\$ 47,133</u>	<u>\$ 46,903</u>	<u>\$ 6,385,077</u>

Reconciliation of fund balance to net assets	5,913,848
Total fund balances	9,938,903
Fixed assets, net	(955,000)
Bonds payable	
Accrual of interest, pension and compensated absences	<u>(32,118)</u>
Net assets	<u>\$ 14,865,633</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<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	\$ -	\$ -	\$ 470,050	\$ -	\$ -	\$ 470,050
Real property tax items	9,678	-	-	-	-	9,678
Non-property tax items	2,342,807	2,368,952	-	-	-	4,711,759
Departmental income	787,016	230,748	-	-	-	1,017,764
Use of money and property	187,481	42,906	746	1,174	215	232,522
Licenses and permits	148,146	-	-	-	-	148,146
Fines and forfeitures	281,209	-	-	-	-	281,209
Sale of property and compensation for loss	-	18,269	-	-	-	18,269
Miscellaneous local sources	9,909	722	-	-	-	10,631
State aid	970,578	100,950	-	63,984	-	1,135,512
Federal aid	-	-	-	(10,600)	117,711	107,111
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,600)</u>	<u>117,711</u>	<u>107,111</u>
Total revenue	<u>\$ 4,736,824</u>	<u>\$ 2,762,547</u>	<u>\$ 470,796</u>	<u>\$ 54,558</u>	<u>\$ 117,926</u>	<u>\$ 8,142,651</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, 2007

	<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	\$ 1,399,399	\$ 410	\$ -	\$ 37,380	\$ -	\$ 1,437,189
Public safety	159,816	-	-	-	-	159,816
Health	13,617	-	462,946	-	-	476,563
Transportation	453,172	2,223,207	-	-	-	2,676,379
Economic assistance and opportunity	13,988	-	-	-	-	13,988
Culture and recreation	993,395	-	-	147,723	-	1,141,118
Home and community services	445,805	-	-	-	117,926	563,731
Employee benefits	441,758	343,425	-	-	-	785,183
Debt service	170,750	-	-	-	-	170,750
Total Expenditures	<u>4,091,700</u>	<u>2,567,042</u>	<u>462,946</u>	<u>185,103</u>	<u>117,926</u>	<u>7,424,717</u>
Other Financing Sources and Uses:						
Transfers in	57,184	-	-	155,000	-	212,184
Transfer out	<u>(155,000)</u>	<u>-</u>	<u>-</u>	<u>(57,184)</u>	<u>-</u>	<u>(212,184)</u>
Other Financing Sources and (Uses)	<u>(97,816)</u>	<u>-</u>	<u>-</u>	<u>97,816</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	547,308	195,505	7,850	(32,729)	-	717,934
Fund Balances, Beginning	<u>4,175,941</u>	<u>934,450</u>	<u>5,661</u>	<u>79,862</u>	<u>-</u>	<u>5,195,914</u>
Fund Balances, Ending	<u>\$ 4,723,249</u>	<u>\$ 1,129,955</u>	<u>\$ 13,511</u>	<u>\$ 47,133</u>	<u>\$ -</u>	<u>\$ 5,913,848</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						717,934
Capitalization of current year asset acquisitions						1,606,238
Depreciation expense						(545,899)
Bond principal payments						140,000
Interest, pension and compensated absences accrual changes						15,678
Loss on sale of assets						<u>(7,700)</u>
Change in Net Assets						<u>\$ 1,926,251</u>

TOWN OF WILTON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007

	<u>Private Purpose</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
Assets		
Cash	\$ 10,102	\$ 29,053
Liabilities		
Agency liabilities	\$ -	\$ 29,053
Net Assets	<u>\$ 10,102</u>	<u>\$ -</u>

**Statement of Changes in
Fiduciary Net Assets**

Interest income	\$ 75
Contributions	<u>165</u>
Change in net assets	240
Net assets, beginning	<u>\$ 9,862</u>
Net assets, ending	<u>\$ 10,102</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<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	\$ 7,500	\$ 7,500	\$ 9,678	\$ -	\$ 2,178
Non-property tax items	2,091,656	2,091,656	2,342,807	-	251,151
Departmental income	561,500	588,500	787,016	-	198,516
Use of money and property	76,000	76,000	187,481	-	111,481
Licenses and permits	117,500	117,500	148,146	-	30,646
Fines and forfeitures	190,000	190,000	281,209	-	91,209
Miscellaneous local sources	2,400	2,400	9,909	-	7,509
State aid	<u>626,500</u>	<u>651,500</u>	<u>970,578</u>	<u>-</u>	<u>319,078</u>
Total revenues	<u>3,673,056</u>	<u>3,725,056</u>	<u>4,736,824</u>	<u>-</u>	<u>1,011,768</u>
Expenditures and Other Financing Uses					
Expenditures:					
General government support	1,503,454	1,504,802	1,399,399	-	105,403
Public safety	175,098	175,098	159,816	-	15,282
Health	13,600	13,600	13,617	-	(17)
Transportation	387,188	494,138	453,172	-	40,966
Economic assistance and opportunity	15,300	15,300	13,988	-	1,312
Culture and recreation	619,156	1,061,726	993,395	-	68,331
Home and community services	439,433	484,409	445,805	13,079	25,525
Employee benefits	434,000	446,448	441,758	1,000	3,690
Debt service	<u>170,750</u>	<u>170,750</u>	<u>170,750</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,757,979</u>	<u>4,366,271</u>	<u>4,091,700</u>	<u>14,079</u>	<u>260,492</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>155,000</u>	<u>97,816</u>	<u>-</u>	<u>57,184</u>
Total Expenditures and Other Financing Uses	<u>3,757,979</u>	<u>4,521,271</u>	<u>4,189,516</u>	<u>14,079</u>	<u>317,676</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (84,923)</u>	<u>\$ (796,215)</u>	<u>\$ 547,308</u>	<u>\$ (14,079)</u>	<u>\$ 1,329,444</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues and Other Financing Sources				
Revenues:				
Non-property tax items	\$ 2,526,132	\$ 2,526,132	\$ 2,368,952	\$ (157,180)
Departmental income	50,000	50,000	230,748	180,748
Use of money and property	7,500	7,500	42,906	35,406
Sale of property and compensation for loss	3,000	3,000	18,269	15,269
State aid	100,000	100,000	100,950	950
Miscellaneous	-	-	722	722
Total revenues	<u>2,686,632</u>	<u>2,686,632</u>	<u>2,762,547</u>	<u>75,915</u>
Expenditures and Other Financing Uses				
Expenditures:				
Transportation	2,317,932	2,381,423	2,223,617	157,806
Employee benefits	<u>368,700</u>	<u>368,700</u>	<u>343,425</u>	<u>25,275</u>
Total expenditures	<u>2,686,632</u>	<u>2,750,123</u>	<u>2,567,042</u>	<u>183,081</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (63,491)</u>	<u>\$ 195,505</u>	<u>\$ 258,996</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, 2007 was \$68,472 for nine 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 2006, 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, 2007

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, 2007 of the Town's total cash of \$3,394,557, the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 525,971
Highway	206,333
Emergency Squad	13,511
Capital Projects	<u>47,133</u>
	<u>\$ 792,948</u>

4. RESTRICTED CASH

Restricted cash consists of the following:

General fund:	
Parkland reserve	\$ 43,238
Highway fund:	
Traffic migration revenue	613,840
Equipment revenue	145,439
Section 8 housing	<u>38,556</u>
	<u>\$ 841,073</u>

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2007 was as follows:

	January 1, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2007</u>
Land	\$ 1,813,122	\$ -	\$ -	\$ 1,813,122
Leasehold improvements	124,181	346,918	-	471,099
Buildings	4,058,831	253,586	-	4,312,417
Infrastructure	1,605,339	596,287	-	2,201,626
Equipment	<u>3,623,169</u>	<u>409,447</u>	<u>84,798</u>	<u>3,947,818</u>
	<u>\$ 11,224,642</u>	<u>\$ 1,606,238</u>	<u>\$ 84,798</u>	<u>\$ 12,746,082</u>
Less Accumulated Depreciation:				
Buildings	\$ 566,919	\$ 101,256	\$ -	\$ 668,175
Leasehold Improvements	10,564	12,756	-	23,320
Infrastructure	98,353	94,870	-	193,223
Equipment	<u>1,662,542</u>	<u>337,017</u>	<u>77,098</u>	<u>1,922,461</u>
	<u>2,338,378</u>	<u>545,899</u>	<u>77,098</u>	<u>2,807,179</u>
Net capital assets	<u>\$ 8,886,264</u>	<u>\$ 1,060,339</u>	<u>\$ 7,700</u>	<u>\$ 9,938,903</u>

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

5. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Depreciation was charged to the following functions:

General Government	\$ 58,421
Transportation	424,171
Culture and Recreation	<u>63,307</u>
Total depreciation expense	<u><u>\$ 545,899</u></u>

6. DEBT

A summary of changes in debt is as follows:

	Balance January 1, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2007</u>
Bonds (Long-Term)	\$ 1,095,000	\$ -	\$ 140,000	\$ 955,000
Compensated absences*	26,687	656	-	27,343
Due to retirement system	<u>15,609</u>	<u>-</u>	<u>15,609</u>	<u>-</u>
	<u><u>\$ 1,137,296</u></u>	<u><u>\$ 656</u></u>	<u><u>\$ 155,609</u></u>	<u><u>\$ 982,343</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>2007</u>
Public Improvements	5/03	\$ 1,475,000	3.0%	5/13	<u><u>\$ 955,000</u></u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 145,000	\$ 26,475	\$ 171,475
2009	150,000	22,050	172,050
2010	155,000	17,475	172,475
2011	160,000	12,750	172,750
2012	170,000	7,800	177,800
Thereafter	<u>175,000</u>	<u>2,625</u>	<u>177,625</u>
	<u><u>\$ 955,000</u></u>	<u><u>\$ 89,175</u></u>	<u><u>\$ 1,044,175</u></u>

Total interest expenditures for the year ended December 31, 2007 were \$30,750.

7. RESERVED FUND BALANCES

Reserve for Encumbrances - The amount of \$14,079 in the general fund have been reserved for open 2006 purchase orders and, therefore, is not an available current financial resource.

Reserve for Inventory/Prepaid Expenses - The amount of \$92,694 in the general fund and \$55,731 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 \$43,238 has been reserved for parkland which represents amounts collected from developers for parkland.

Reserve for Traffic Mitigation - The amount of \$613,840 has been reserved for traffic mitigation which represents amounts collected from developers for traffic mitigation.

Reserve for Capital Projects - The amount of \$31,680 has been reserved in a capital reserve fund established pursuant to general municipal law section 6-c.

Reserve for Equipment - The amount of \$145,439 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.

Interfund receivable and payable balances arising from these transactions as of December 31, 2007 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 480	\$ 163
Highway	<u>163</u>	<u>480</u>
	<u>\$ 643</u>	<u>\$ 643</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:

2007	\$ 187,462
2006	\$ 198,491
2005	\$ 193,106

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.)

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.

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, 2007 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 \$34,710 in 2007.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

**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, 2007, and have issued our report thereon dated March 28, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

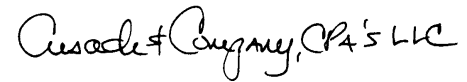
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 28, 2008