

***TOWN OF WILTON, NEW YORK
FINANCIAL REPORT***

DECEMBER 31, 2010

TOWN OF WILTON, NEW YORK
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Town of Wilton, New York
Management's Discussion and Analysis (Unaudited)
December 31, 2010

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, 2010. 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 \$16,862,514 an increase of \$742,633 over the prior year.
- Total revenues generated in 2010 were \$7,256,995. Non-property tax items revenue generated 66% of this total, or \$4,761,562.
- The Town's contribution to the NYS Retirement system was \$225,000 an increase of \$103,000 over 2009.
- The Town of Wilton invested over \$421,000 in road improvements.
- The Town's General Fund Undesignated Fund Balance increased by \$348,000 to a high of \$5,368,168. The Town's Highway Fund Undesignated Fund Balance is \$456,000 an increase of \$270,000.

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 \$16,862,000 an increase of \$741,000 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	\$6,692
Restricted cash	\$709
Capital Assets	\$10,450
Total Assets	<u>\$17,851</u>
L-T Debt Outstanding	\$345
Other Liabilities	\$644
Total Liabilities	<u>\$989</u>
Net Assets:	
Invested in capital assets, net of debt	\$9,944
Restricted	\$735
Unrestricted	\$6,183
Total Net Assets	<u>\$16,862</u>
Total Liabilities and Net Assets	<u>\$17,851</u>

THE TOWN AS A WHOLE (continued)

Sales Tax revenues received was \$4,503,000 which represents 62% of the total revenue source of the Town.

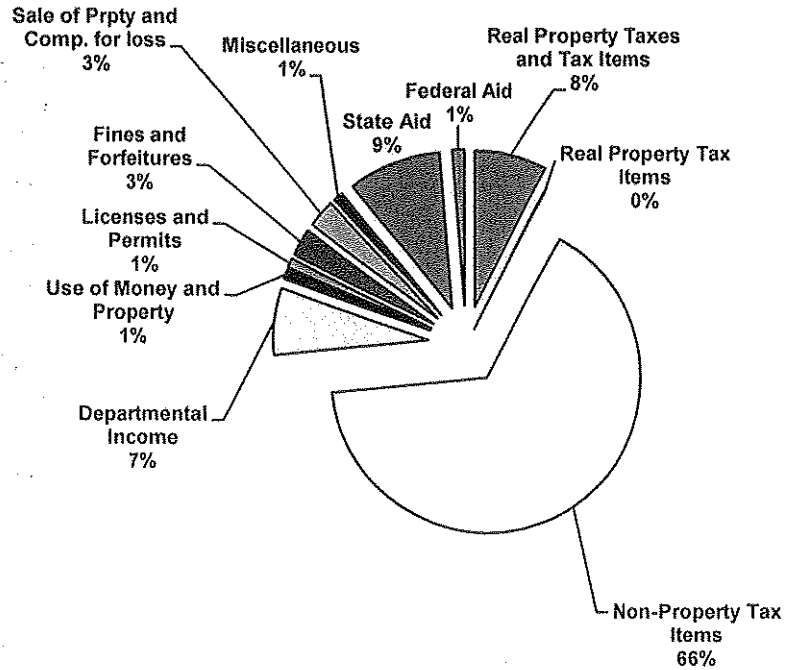
The Traffic Mitigation reserve account is \$505,000 which will help offset the future cost of road improvements due to the increase traffic from businesses.

The increase in the unreserved undesignated fund balance from \$5.0 million to \$5.8 million was attributable primarily to sales tax receipts being higher than anticipated, and the fact that most Town Departments cut back on spending and the Town Board's conservative approach to spending.

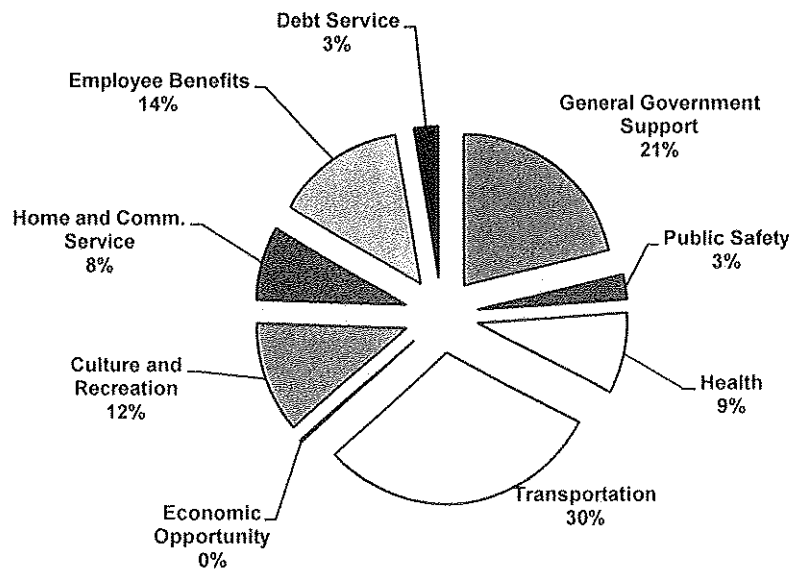
Combined Statement of Revenues and Expenditures

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2010</u>
<u>Revenues</u>		
Real property taxes	\$441,053	\$558,765
Real property tax items	11,859	7,569
Non-property tax items	4,332,606	4,761,562
Departmental Income	476,523	501,847
Use of money and property	76,743	72,000
License and permits	101,286	70,554
Fines and forfeitures	273,638	210,932
Sale of property	6,493	213,955
Misc local sources	10,504	74,015
State Aid	891,331	690,241
Federal Aid	260,089	95,555
Total revenues	\$6,882,125	\$7,256,995
Other financing sources:		
Operating Transfers in	64,390	25,000
Total revenues and other financing sources	<u>\$6,946,515</u>	<u>\$7,281,995</u>
<u>Expenditures:</u>		
General government support	\$1,472,203	\$1,370,024
Public safety	167,160	172,112
Health	442,460	559,909
Transportation	2,328,890	1,971,132
Economic assistance and opportuniti	18,673	17,360
Culture and recreation	852,536	772,818
Home and community services	599,312	511,789
Employee benefits	749,022	893,649
Debt service	172,050	172,475
Total expenses	\$ 6,802,306	\$ 6,441,268
Other financing uses:		
Operating transfers out	64,390	25,000
Total expenditures and other financing sources	<u>\$6,866,696</u>	<u>\$6,466,268</u>

2010 Revenues by Function



2010 Expenses by Function



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2010, the Town had \$15.2 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:

- | | |
|---|------------|
| • Gavin Park Improvements and Equipment | \$ 8,000 |
| • Various Equipment purchases | \$ 55,000 |
| • Infrastructure(Roads) | \$ 420,000 |

Debt:

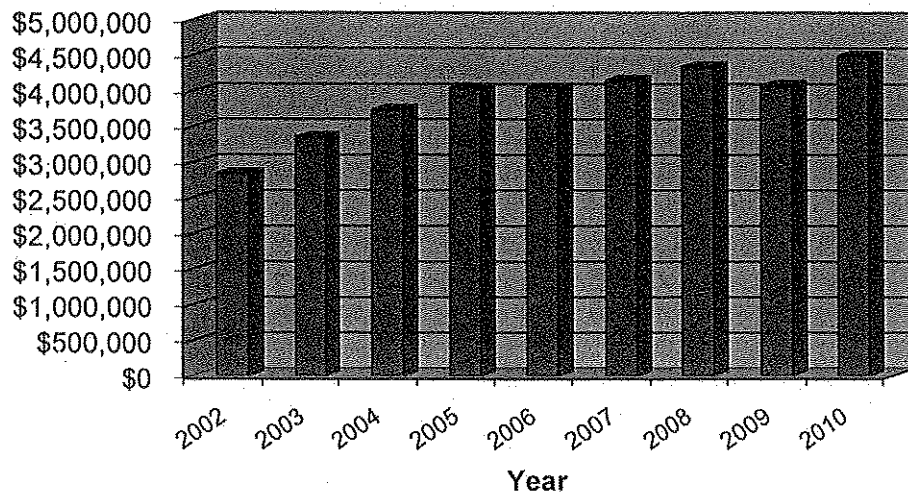
At year end, the Town had \$505,000 in bonds outstanding versus \$660,000 last year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

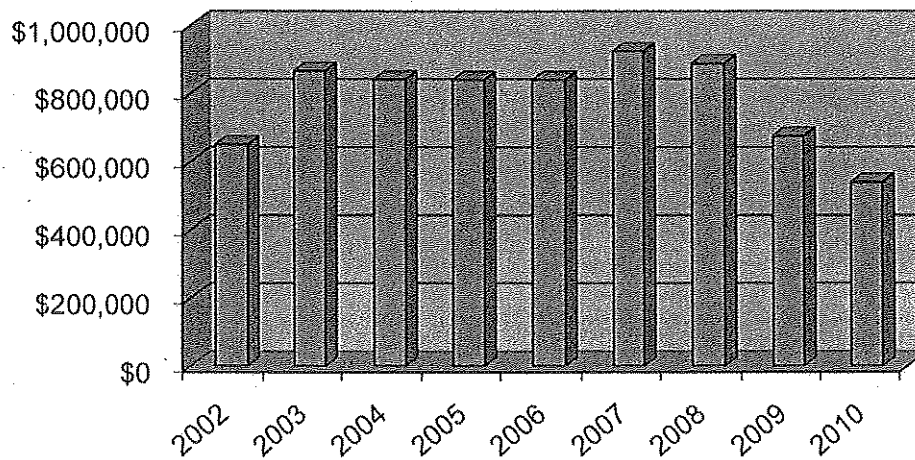
The Town's elected and appointed officials considered many factors when setting the 2011 budget. Some of those factors are the economy and the Town's long running commitment to hold to a "no town tax". Because of the Town's fast growing economy and fiscally conservative approach to spending the Town is in a very healthy position. The Town relies on Sales Tax and Mortgage Tax revenue to fund its budget; the leaders of this community have had the foresight to create an area of town for retail business within the town to generate revenues. 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 16,173 according to the 2010 U.S. Census. The 2010 census have stated that the Town's population is the 5th fastest growing town 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 2011 budget is a balanced budget with no use of the Town's surplus. We are cautiously optimistic that the current economic conditions will settle, allowing 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 9 year visual of our main revenue sources.

Sales Tax Comparision



Mortgage Tax Comparison



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.

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDIA, CPA
JAMES M. CUSACK, CPA
JOHN A. CRISCONI, CPA
WENDY M. LAING, CPA
LAUREN M. LIGRECI, CPA
JASON D. MARRA, CPA
JOHN J. TAFILOWSKI, CPA
TERRENCE P. GILLOOLEY
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 664-7063
FAX (518) 541-3083

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

JOHN A. CIMINO, CPA, OF COUNSEL

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, 2010, 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.

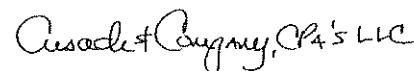
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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.

As described in Note 1(L), the Town has not recorded other postemployment benefits in accordance with generally accepted accounting principles. The amounts that would have been recorded as a liability, had other postemployment benefits been recorded in accordance with generally accepted accounting principles, is not known.

In our opinion, except for the recording of other postemployment benefits as previously described, 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, 2010, 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 April 11, 2011 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
April 11, 2011

TOWN OF WILTON, NEW YORK**STATEMENT OF NET ASSETS****DECEMBER 31, 2010****Assets****Current assets:**

Cash	\$ 4,968,547
Other receivables	387,032
State and federal receivables	127,758
Due from other governments	1,021,337
Prepaid expenses	107,178
Inventory	<u>80,538</u>
Total current assets	<u>6,692,390</u>

Noncurrent assets:

Restricted cash	709,340
Capital assets, net of accumulated depreciation	<u>10,449,644</u>
Total noncurrent assets	<u>11,158,984</u>

Total assets	<u>\$ 17,851,374</u>
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Liabilities**Current liabilities:**

Bonds payable	\$ 160,000
Accounts payable and accrued liabilities	353,949
Unearned revenues	70,101
Compensated absences payable	<u>59,810</u>
Total current liabilities	643,860

Bonds payable, net of current portion	<u>345,000</u>
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Total liabilities	<u>988,860</u>
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Commitments and Contingencies**Net Assets**

Invested in capital assets, net of related debt	9,944,644
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Restricted for:

Parkland	11,507
Traffic mitigation	525,212
Capital projects	115,861
Equipment	82,353

Unrestricted	<u>6,182,937</u>
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Total net assets	<u>16,862,514</u>
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Total liabilities and net assets	<u>\$ 17,851,374</u>
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TOWN OF WILTON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program Revenues</u>				
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Expense</u>
General Government	\$ 1,683,621	\$ 252,393	\$ -	\$ -	\$ 1,431,228
Public Safety	181,529	-	-	-	181,529
Health	560,285	2,560	-	-	557,725
Transportation	2,539,355	76,425	-	123,743	2,339,187
Economic assistance	17,360	-	-	-	17,360
Culture and recreation	932,451	339,422	4,015	-	589,014
Home and community services	599,761	215,503	95,555	-	288,703
Total governmental activities	<u>\$ 6,514,362</u>	<u>\$ 886,303</u>	<u>\$ 99,570</u>	<u>\$ 123,743</u>	<u>\$ 5,404,746</u>
General revenues:					
Real property taxes and tax items					566,334
Franchise taxes					258,829
Sales taxes					4,502,733
Mortgage taxes					536,416
State aid					26,067
Sale of property					185,000
Use of money and property					72,000
Total general revenues					<u>6,147,379</u>
Change in net assets					742,633
Net assets, beginning					<u>16,119,881</u>
Net assets, ending					<u>\$ 16,862,514</u>

See accompanying notes and independent auditor's report.

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<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	\$ 4,521,389	\$ 313,360	\$ 48,390	\$ 82,971	\$ 2,437	\$ 4,968,547
Other receivables	300,006	210	-	-	86,816	387,032
State and Federal receivables	4,015	123,743	-	-	-	127,758
Due from other governments	805,426	215,911	-	-	-	1,021,337
Due from other funds	572	510	-	-	-	1,082
Prepaid expenses	73,745	24,324	-	-	9,109	107,178
Restricted cash	11,507	587,565	-	-	110,268	709,340
Inventory	9,024	71,514	-	-	-	80,538
Total assets	<u>\$ 5,725,684</u>	<u>\$ 1,337,137</u>	<u>\$ 48,390</u>	<u>\$ 82,971</u>	<u>\$ 208,630</u>	<u>\$ 7,402,812</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2010

	<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	\$ 147,283	\$ 183,571	\$ -	\$ 20,451	\$ 44	\$ 351,349
Due to other funds	510	433	-	139	-	1,082
Unearned revenue	-	-	-	-	70,101	70,101
Total liabilities	<u>147,793</u>	<u>184,004</u>	<u>-</u>	<u>20,590</u>	<u>70,145</u>	<u>422,532</u>
Commitments and Contingencies						
Fund balances						
Reserved for:						
Encumbrances	61,967	13,500	-	-	-	75,467
Inventory/prepays	82,769	95,838	-	-	-	178,607
Parkland	11,507	-	-	-	-	11,507
Traffic mitigation	-	505,212	-	-	-	505,212
Capital projects	53,480	-	-	62,381	-	115,861
Equipment	-	82,353	-	-	-	82,353
Unreserved:						
Undesignated	<u>5,368,168</u>	<u>456,230</u>	<u>48,390</u>	<u>-</u>	<u>138,485</u>	<u>6,011,273</u>
Total fund balances	<u>5,577,891</u>	<u>1,153,133</u>	<u>48,390</u>	<u>62,381</u>	<u>138,485</u>	<u>6,980,280</u>
Total liabilities and fund balances	<u>\$ 5,725,684</u>	<u>\$ 1,337,137</u>	<u>\$ 48,390</u>	<u>\$ 82,971</u>	<u>\$ 208,630</u>	<u>\$ 7,402,812</u>
Reconciliation of fund balance to net assets						
Total fund balances	6,980,280					
Fixed assets, net	10,449,644					
Bonds payable	(505,000)					
Accrual of interest and compensated absences	(62,410)					
Net assets	<u>\$ 16,862,514</u>					

TOWN OF WILTON, NEW YORK

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

Revenues	General	Highway	Emergency Squad	Total Capital Projects	Other Governmental Funds	Total
Real property taxes	\$ -	\$ -	\$ 558,765	\$ -	\$ -	\$ 558,765
Real property tax items	7,569	-	-	-	-	7,569
Non-property tax items	2,372,727	2,388,835	-	-	-	4,761,562
Departmental income	452,867	46,916	-	-	2,064	501,847
Use of money and property	56,874	13,806	521	493	306	72,000
Licenses and permits	70,554	-	-	-	-	70,554
Fines and forfeitures	210,932	-	-	-	-	210,932
Sale of property and compensation for loss	185,640	28,315	-	-	-	213,955
Miscellaneous local sources	33,121	1,194	-	-	39,700	74,015
State aid	566,498	123,743	-	-	-	690,241
Federal aid	-	-	-	-	95,555	95,555
Total revenue	\$ 3,956,782	\$ 2,602,809	\$ 559,286	\$ 493	\$ 137,625	\$ 7,256,995

TOWN OF WILTON, NEW YORK

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2010

Expenditures and Other Financing Sources and Uses

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Expenditures:						
General governmental support	\$ 1,370,024	\$ -	\$ -	\$ -	\$ -	\$ 1,370,024
Public safety	172,112	-	-	-	-	172,112
Health	11,494	-	548,415	-	-	559,909
Transportation	144,984	1,826,148	-	-	-	1,971,132
Economic assistance and opportunity	17,360	-	-	-	-	17,360
Culture and recreation	766,093	-	-	6,725	-	772,818
Home and community services	411,271	-	-	-	100,518	511,789
Employee benefits	517,509	376,140	-	-	-	893,649
Debt service	172,475	-	-	-	-	172,475
Total Expenditures	3,583,322	2,202,288	548,415	6,725	100,518	6,441,268
Other Financing Sources and Uses:						
Transfers in	-	-	-	25,000	-	25,000
Transfer out	(25,000)	-	-	-	-	(25,000)
Other Financing Sources (Uses)	(25,000)	-	-	25,000	-	-
Revenues and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	348,460	400,521	10,871	18,768	37,107	815,727
Fund Balances, Beginning	5,229,431	752,612	37,519	43,613	101,378	6,164,553
Fund Balances, Ending	\$ 5,577,891	\$ 1,153,133	\$ 48,390	\$ 62,381	\$ 138,485	\$ 6,980,280
Reconciliation of revenues and other financing sources and uses over expenditures to change in net assets						815,727
Capitalization of current year asset acquisitions						483,875
Depreciation expense						(699,368)
Bond principal payments						155,000
Interest, pension and compensated absences accrual changes						1,026
Loss on sale of assets						(13,627)
Change in Net Assets						\$ 742,633

See accompanying notes and independent auditor's report.

TOWN OF WILTON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS AND CHANGES IN FIDUCIARY NET ASSETS
DECEMBER 31, 2010

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash	\$ 10,427	\$ 9,040
Liabilities		
Agency liabilities	<u>-</u>	<u>9,040</u>
Net Assets	<u><u>\$ 10,427</u></u>	<u><u>\$ -</u></u>

**Statement of Changes in
Fiduciary Net Assets**

Interest income	\$ <u>49</u>
Change in net assets	49
Net assets, beginning	<u>10,378</u>
Net assets, ending	<u><u>\$ 10,427</u></u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Revenues:					
Real property tax items	\$ 11,000	\$ 11,000	\$ 7,569	\$ -	\$ (3,431)
Non-property tax items	2,198,332	2,198,332	2,372,727	-	174,395
Departmental income	458,000	458,000	452,867	-	(5,133)
Use of money and property	56,000	56,000	56,874	-	874
Licenses and permits	107,000	107,000	70,554	-	(36,446)
Fines and forfeitures	290,000	290,000	210,932	-	(79,068)
Sale of property and compensation for loss	185,000	185,000	185,640	-	640
Miscellaneous local sources	2,800	2,800	33,121	-	30,321
State aid	627,675	627,675	566,498	-	(61,177)
Total revenues	<u>3,935,807</u>	<u>3,935,807</u>	<u>3,956,782</u>	<u>-</u>	<u>20,975</u>
Expenditures and Other Financing Uses					
Expenditures:					
General government support	1,521,676	1,518,862	1,370,024	47,562	101,276
Public safety	179,058	192,635	172,112	7,879	12,644
Health	13,800	19,800	11,494	-	8,306
Transportation	185,815	162,815	144,984	2,780	15,051
Economic assistance and opportunity	20,000	21,232	17,360	-	3,872
Culture and recreation	735,632	778,328	766,093	3,300	8,935
Home and community services	490,851	470,539	411,271	446	58,822
Employee benefits	559,500	548,100	517,509	-	30,591
Debt service	172,475	172,475	172,475	-	-
Total expenditures	<u>3,878,807</u>	<u>3,884,786</u>	<u>3,583,322</u>	<u>61,967</u>	<u>239,497</u>
Other financing uses:					
Transfers out	-	25,000	25,000	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ 57,000</u>	<u>\$ 26,021</u>	<u>\$ 348,460</u>	<u>\$ (61,967)</u>	<u>\$ 260,472</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues and Other Financing Sources					
Revenues:					
Non-property tax items	\$ 2,388,835	\$ 2,388,835	\$ 2,388,835	\$ -	\$ -
Departmental income	30,000	30,000	46,916	-	16,916
Use of money and property	7,000	7,000	13,806	-	6,806
Sale of property and compensation for loss	-	15,000	28,315	-	13,315
Miscellaneous local sources	-	-	1,194	-	1,194
State aid	123,239	123,239	123,743	-	504
Total revenues	<u>2,549,074</u>	<u>2,564,074</u>	<u>2,602,809</u>	<u>-</u>	<u>38,735</u>
Expenditures and Other Financing Uses					
Expenditures:					
Transportation	2,014,374	2,044,268	1,826,148	13,500	204,620
Employee benefits	424,700	423,306	376,140	-	47,166
Total expenditures	<u>2,439,074</u>	<u>2,467,574</u>	<u>2,202,288</u>	<u>13,500</u>	<u>251,786</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 110,000</u>	<u>\$ 96,500</u>	<u>\$ 400,521</u>	<u>\$ (13,500)</u>	<u>\$ 290,521</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 No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As a result these financial statements include a management discussion and analysis of the Town's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the Town's activities including infrastructure (roads, bridges, etc.) and a change in the focus of fund financial statements to major funds.

Government-wide Financial Statements

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

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

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

Basic Financial Statements - Fund Financial Statements

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

GOVERNMENTAL FUND TYPES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

FIDUCIARY FUND TYPES

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

(c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Budgetary Data:

General Budget Process - Prior to October 1 of each year, the Budget Officer submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications 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:

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

OPEB costs on a pay-as-you-go basis approximately \$85,300 in 2010 for twelve 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.

Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through April 11, 2011, the date the financial statements were available to be issued. No such events or transactions were identified.

2. CASH AND INVESTMENTS

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

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

2. CASH AND INVESTMENTS (CONTINUED)

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 2010, cash and investments were either insured by federal depository insurance or collateralized by assets of the Town's custodial bank in the Town's name.

3. POOLED BANK ACCOUNTS

Separate bank accounts are not maintained for each of the Town's funds. Instead, cash is pooled and deposited in pooled bank accounts with accounting records maintained to show the portion of the balance attributable to each fund. At December 31, 2010 of the Town's total cash in the pooled account of \$5,015,083, the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 4,520,572
Highway	313,273
Emergency Squad	48,390
Capital Projects	82,971
Drainage	2,437
Special Grant	47,440
	<u>\$ 5,015,083</u>

4. RESTRICTED CASH

Restricted cash consists of the following:

General fund:	
Parkland reserve	\$ 11,507
Highway fund:	
Traffic migration revenue	505,212
Equipment revenue	82,353
Section 8 housing	110,268
	<u>\$ 709,340</u>

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2010 was as follows:

	January 1, 2010	Additions	Deletions	December 31, 2010
Land	\$ 1,883,432	\$ 14,331	\$ -	\$ 1,897,763
Leasehold improvements	551,262	8,300	-	559,562
Buildings	4,338,567	-	-	4,338,567
Infrastructure	3,766,244	420,698	-	4,186,942
Equipment	<u>4,264,949</u>	<u>40,546</u>	<u>111,611</u>	<u>4,193,884</u>
	<u>14,804,454</u>	<u>483,875</u>	<u>111,611</u>	<u>15,176,718</u>
Less Accumulated Depreciation:				
Buildings	881,769	107,227	-	988,996
Leasehold Improvements	65,302	22,398	-	87,700
Infrastructure	620,984	271,707	-	892,691
Equipment	<u>2,557,635</u>	<u>298,036</u>	<u>97,984</u>	<u>2,757,687</u>
	<u>4,125,690</u>	<u>699,368</u>	<u>97,984</u>	<u>4,727,074</u>
Net capital assets	<u>\$ 10,678,764</u>	<u>\$ (215,493)</u>	<u>\$ (13,627)</u>	<u>\$ 10,449,644</u>

Depreciation was charged to the following functions:

General Government	\$ 39,229
Transportation	607,937
Culture and Recreation	52,202
Total depreciation expense	<u>\$ 699,368</u>

6. DEBT

A summary of changes in debt is as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Bonds (Long-Term)	\$ 660,000	\$ -	\$ 155,000	\$ 505,000
Compensated absences*	<u>60,111</u>	<u>-</u>	<u>301</u>	<u>59,810</u>
	<u>\$ 720,111</u>	<u>\$ -</u>	<u>\$ 155,301</u>	<u>\$ 564,810</u>

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

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

6. DEBT (CONTINUED)

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>	<u>Balance December 31, 2010</u>
Public Improvements	5/03	\$ 1,475,000	3.0%	5/13	<u>\$ 505,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 160,000	\$ 12,750	\$ 172,750
2012	170,000	7,800	177,800
2013	<u>175,000</u>	<u>2,625</u>	<u>177,625</u>
	<u>\$ 505,000</u>	<u>\$ 23,175</u>	<u>\$ 528,175</u>

Total interest expenditures for the year ended December 31, 2010 were \$17,475.

7. RESERVED FUND BALANCES

Reserve for Encumbrances - The amount of \$61,967 in the general fund and \$13,500 in the highway fund have been reserved for open 2010 purchase orders and, therefore, is not an available current financial resource.

Reserve for Inventory/Prepaid Expenses - The amount of \$82,769 in the general fund and \$95,838 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 \$11,507 has been reserved for parkland which represents amounts collected from developers for parkland.

Reserve for Traffic Mitigation - The amount of \$505,212 has been reserved for traffic mitigation which represents amounts collected from developers for traffic mitigation.

Reserve for Capital Projects - The amount of \$53,480 has been reserved in a capital reserve fund established pursuant to general municipal law section 6-c.

Reserve for Equipment - The amount of \$82,353 has been reserved for equipment in a capital reserve fund established pursuant to general municipal law section 6-c.

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

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, 2010 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 572	\$ 510
Highway	510	433
Capital Projects	-	139
	<u>\$ 1,082</u>	<u>\$ 1,082</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:

2010	\$ 259,253
2009	\$ 122,060
2008	\$ 179,674

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

9. PENSION PLAN (CONTINUED)

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 2009 would be based on the pension value as of March 31, 2007.)

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, therefore no expenditure is reflected in the Town financial statements for workers' compensation. The Town contribution was \$72,530.

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

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

Environmental Concerns: The Town is engaged in many activities (i.e., highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2010 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 \$23,817 in 2010.

Postemployment Benefits: The Governmental Accounting Standards Board has issued Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits other than pensions. (GASB 45). GASB 45 will recognize the cost of postemployment benefits other than pensions in the periods when the related services are received by the employer as opposed to the current methodology of recognizing those costs when paid. GASB 45 was effective for the year ended December 31, 2010 for the Town of Wilton.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDAS, CPA
JAMES M. CUSACK, CPA
JOHN A. CRISCONE, CPA
WENDY M. LAING, CPA
LAUREN M. LIGRECI, CPA
JASON D. MARRA, CPA
JOHN J. TAFILOWSKI, CPA
TERRENCE P. GILLOOLEY
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 664-7063
FAX (518) 541-3083

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

JOHN A. CIMINO, CPA, OF COUNSEL

**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, 2010, and have issued our report thereon dated April 11, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a misstatement of the entity's financial will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 and Other Matters

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

Cusack & Company, CPAs LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 11, 2011