

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

DECEMBER 31, 2011

TOWN OF WILTON, NEW YORK

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Town of Wilton, New York
Management's Discussion and Analysis (Unaudited)
December 31, 2011

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, 2011. 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 \$17,580,000 an increase of \$718,000 over the prior year.
- Total revenues generated in 2011 were \$7,750,070. Non-property tax items revenue generated 66% of this total, or \$5,082,000.
- The Town's contribution to the NYS Retirement system was \$322,396 an increase of \$63,000 over 2010.
- The Town of Wilton invested over \$473,000 in road improvements.
- The Town of Wilton purchased \$490,230 in equipment.
- The Town's General Fund Unassigned Fund Balance grew to \$5,665,000.
- Only 2 more years left to pay on the Town's debt.

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 \$17,580,176 an increase of \$718,000 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	\$7,216
Restricted cash	\$708
Capital Assets	\$10,762
Total Assets	<u>\$18,686</u>
L-T Debt Outstanding	\$175
Other Liabilities	\$931
Total Liabilities	<u>\$1,106</u>
Net Assets:	
Invested in capital assets, net of debt	\$10,418
Restricted	\$652
Unrestricted	\$6,510
Total Net Assets	<u>\$17,580</u>
Total Liabilities and Net Assets	<u>\$18,686</u>

THE TOWN AS A WHOLE (continued)

Sales Tax revenues received was \$5,082,000 which represents 66% of the total revenue source of the Town.

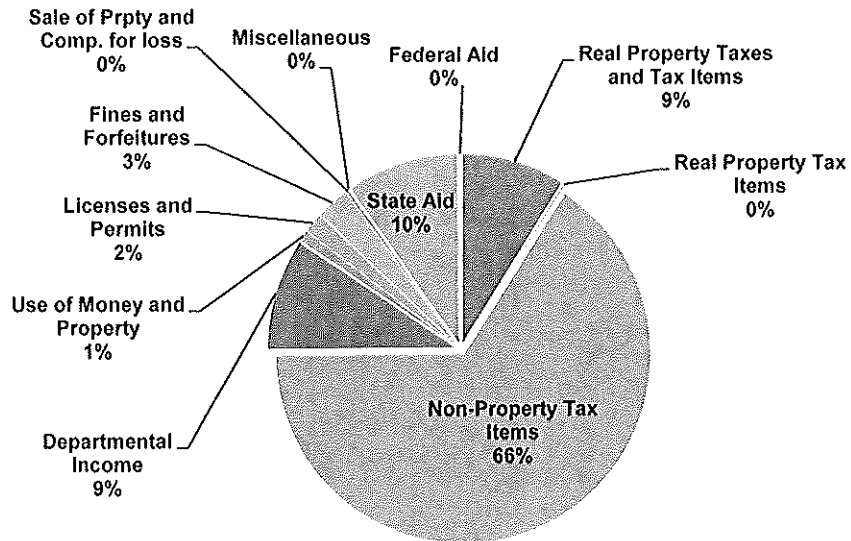
The Traffic Mitigation reserve account is \$592,000 which will help offset the future cost of road improvements due to the increase traffic from businesses.

The unassigned fund balance in the General Fund increased by \$340,000 to \$5,665,000, this 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.

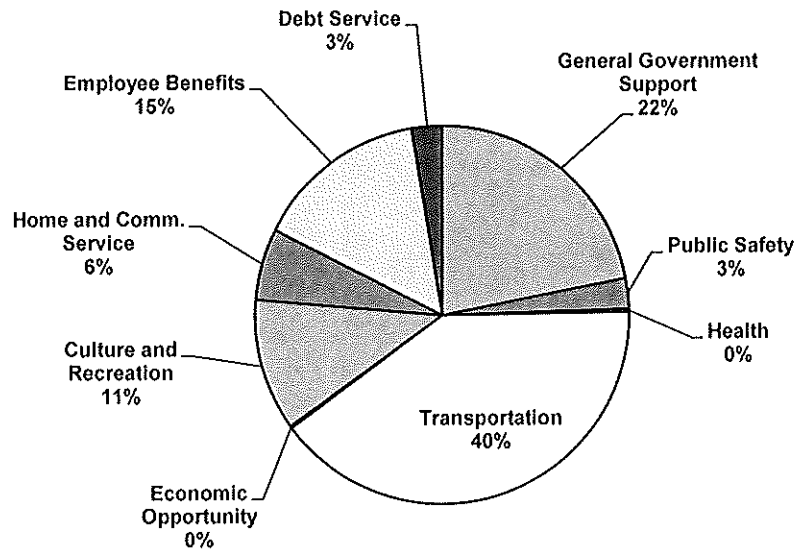
Combined Statement of Revenues and Expenditures

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2011</u>
<u>Revenues</u>		
Real property taxes	\$558,765	\$656,924
Real property tax items	7,569	11,233
Non-property tax items	4,761,562	5,082,012
Departmental Income	501,847	698,473
Use of money and property	72,000	72,791
License and permits	70,554	123,206
Fines and forfeitures	210,932	207,822
Sale of property	213,955	21,231
Misc local sources	74,015	2,942
State Aid	690,241	740,994
Federal Aid	95,555	132,442
Total revenues	<u>\$7,256,995</u>	<u>\$7,750,070</u>
Other financing sources:		
Operating Transfers in	25,000	211,257
Total revenues and other financing sources	<u>\$7,281,995</u>	<u>\$7,961,327</u>
 <u>Expenditures:</u>		
General government support	\$1,370,024	\$1,458,968
Public safety	172,112	173,448
Health	559,909	661,839
Transportation	1,971,132	2,669,227
Economic assistance and opportuni	17,360	12,371
Culture and recreation	772,818	838,682
Home and community services	511,789	655,125
Employee benefits	893,649	869,743
Debt service	172,475	172,750
Total expenses	<u>\$ 6,441,268</u>	<u>\$ 7,512,153</u>
Other financing uses:		
Operating transfers out	25,000	211,257
Total expenditures and other financing sources	<u>\$6,466,268</u>	<u>\$7,723,410</u>

2011 Revenues by Function



2011 Expenses by Function



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2011, the Town had \$15.9 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 | \$ 68,000 |
| • Various Equipment purchases | \$ 490,000 |
| • Infrastructure(Roads) | \$ 473,000 |

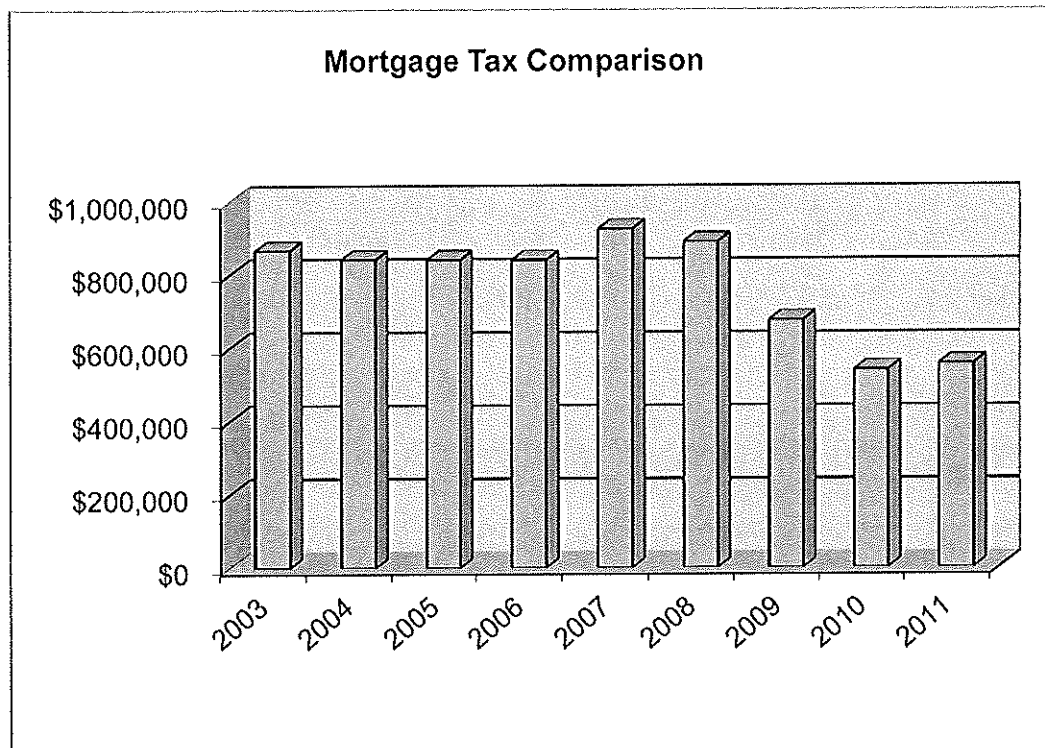
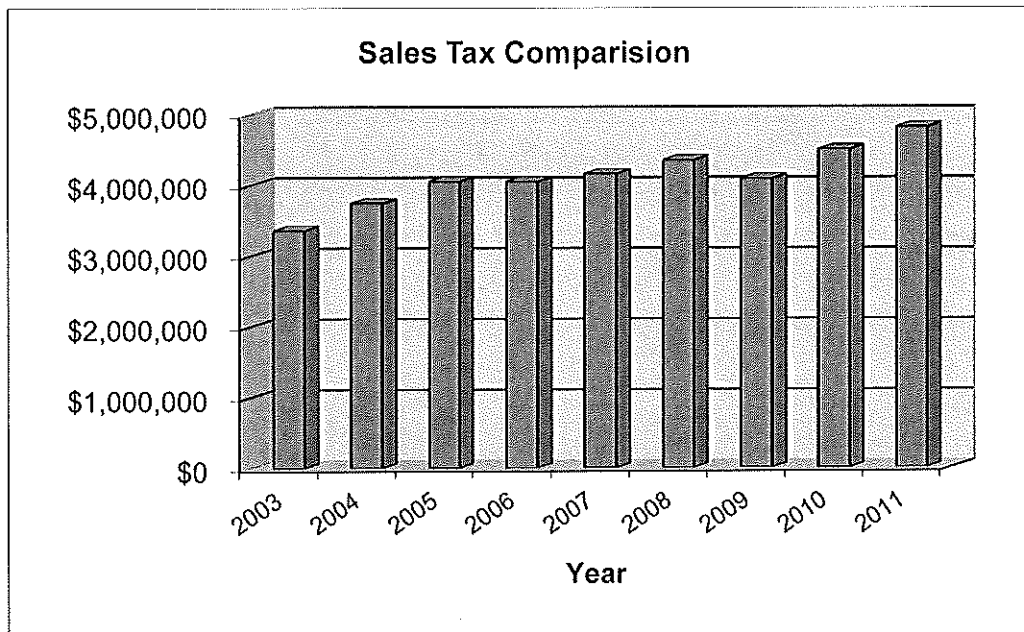
Debt:

At year end, the Town had \$345,000 in bonds outstanding versus \$505,000 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.



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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CERTIFIED PUBLIC ACCOUNTANTS
AND
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, 2011, 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, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and pages 18 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2012 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.

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
May 15, 2012

TOWN OF WILTON, NEW YORK**STATEMENT OF NET ASSETS****DECEMBER 31, 2011**

Assets

Current assets:

Cash	\$ 5,680,615
Other receivables	229,625
State and federal receivables	58,920
Due from other governments	1,034,599
Prepaid expenses	121,563
Inventory	<u>90,361</u>
Total current assets	<u>7,215,683</u>

Noncurrent assets:

Restricted cash	708,402
Capital assets, net of accumulated depreciation	<u>10,762,724</u>
Total noncurrent assets	<u>11,471,126</u>

Total assets \$ 18,686,809

Liabilities

Current liabilities:

Bonds payable	\$ 170,000
Accounts payable and accrued liabilities	618,825
Due to other governments	34,985
Unearned revenues	53,952
Compensated absences payable	<u>53,871</u>
Total current liabilities	931,633

Bonds payable, net of current portion 175,000

Total liabilities 1,106,633

Commitments and Contingencies**Net Assets**

Invested in capital assets, net of related debt	10,417,724
Restricted	651,913
Unrestricted	<u>6,510,539</u>
Total net assets	<u>17,580,176</u>

Total liabilities and net assets \$ 18,686,809

TOWN OF WILTON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<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	\$ 1,846,626	\$ 218,916	\$ -	\$ -	\$ 1,627,710
Public Safety	182,856	-	-	-	182,856
Health	662,260	2,750	-	-	659,510
Transportation	2,703,710	95,478	10,167	124,174	2,473,891
Economic assistance	12,371	-	-	-	12,371
Culture and recreation	1,004,279	393,341	-	-	610,938
Home and community services	620,312	321,958	122,275	-	176,079
Total governmental activities	<u>\$ 7,032,414</u>	<u>\$ 1,032,443</u>	<u>\$ 132,442</u>	<u>\$ 124,174</u>	<u>\$ 5,743,355</u>
General revenues:					
Real property taxes and tax items					668,157
Franchise taxes					264,911
Sales taxes					4,817,101
Mortgage taxes					552,244
State aid					64,582
Sale of property					21,231
Use of money and property					72,791
Total general revenues					<u>6,461,017</u>
Change in net assets					717,662
Net assets, beginning					<u>16,862,514</u>
Net assets, ending					<u>\$ 17,580,176</u>

See accompanying notes and independent auditor's report.

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<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	\$ 4,919,718	\$ 586,239	\$ 61,290	\$ (1,978)	\$ 115,346	\$ 5,680,615
Other receivables	164,857	(2,233)	-	-	67,001	229,625
State and Federal receivables	12,713	10,190	-	36,017	-	58,920
Due from other governments	934,599	100,000	-	-	-	1,034,599
Due from other funds	193	171	-	-	-	364
Prepaid expenses	81,927	28,468	-	-	11,168	121,563
Restricted cash	113,079	595,323	-	-	-	708,402
Inventory	3,456	86,905	-	-	-	90,361
Total assets	<u>\$ 6,230,542</u>	<u>\$ 1,405,063</u>	<u>\$ 61,290</u>	<u>\$ 34,039</u>	<u>\$ 193,515</u>	<u>\$ 7,924,449</u>

TOWN OF WILTON, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2011

	<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	\$ 277,598	\$ 319,119	\$ -	\$ 20,233	\$ -	\$ 616,950
Due to other funds	171	193	-	-	-	364
Due to Other governments	34,985	-	-	-	-	34,985
Unearned revenue	-	-	-	-	53,952	53,952
Total liabilities	<u>312,754</u>	<u>319,312</u>	<u>-</u>	<u>20,233</u>	<u>53,952</u>	<u>706,251</u>
Commitments and Contingencies						
Fund balances						
Nonspendable	85,383	115,373	-	-	-	200,756
Restricted	76,590	575,323	-	-	-	651,913
Assigned	89,969	395,055	61,290	13,806	139,563	699,683
Unassigned	<u>5,665,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,665,846</u>
Total fund balances	<u>5,917,788</u>	<u>1,085,751</u>	<u>61,290</u>	<u>13,806</u>	<u>139,563</u>	<u>7,218,198</u>
Total liabilities and fund balances	<u>\$ 6,230,542</u>	<u>\$ 1,405,063</u>	<u>\$ 61,290</u>	<u>\$ 34,039</u>	<u>\$ 193,515</u>	<u>\$ 7,924,449</u>
Reconciliation of fund balance to net assets						
Total fund balances						7,218,198
Fixed assets, net						10,762,724
Bonds payable						(345,000)
Accrual of interest and compensated absences						<u>(55,746)</u>
Net assets						<u>\$ 17,580,176</u>

TOWN OF WILTON, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Real property taxes	\$ -	\$ -	\$ 656,924	\$ -	\$ -	\$ 656,924
Real property tax items	11,233	-	-	-	-	11,233
Non-property tax items	2,714,535	2,367,477	-	-	1,518	5,082,012
Departmental income	601,502	95,453	596	543	559	698,473
Use of money and property	54,465	16,628	-	-	-	72,791
Licenses and permits	123,206	-	-	-	-	123,206
Fines and forfeitures	207,822	-	-	-	-	207,822
Sale of property and compensation for loss	6,009	15,222	-	-	-	21,231
Miscellaneous local sources	2,918	24	-	-	-	2,942
State aid	580,804	124,174	-	36,016	-	740,994
Federal aid	-	10,167	-	-	122,275	132,442
Total revenue	<u>\$ 4,302,494</u>	<u>\$ 2,629,145</u>	<u>\$ 657,520</u>	<u>\$ 36,559</u>	<u>\$ 124,352</u>	<u>\$ 7,750,070</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, 2011

Expenditures and Other Financing Sources and Uses

Expenditures:

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General governmental support	\$ 1,458,339	\$ -	\$ -	\$ 629	\$ -	\$ 1,458,968
Public safety	173,448	-	-	-	-	173,448
Health	17,219	-	644,620	-	-	661,839
Transportation	181,396	2,487,831	-	-	-	2,669,227
Economic assistance and opportunity	12,371	-	-	-	-	12,371
Culture and recreation	754,177	-	-	84,505	-	838,682
Home and community services	408,575	-	-	-	123,275	531,850
Employee benefits	573,065	419,953	-	-	-	993,018
Debt service	172,750	-	-	-	-	172,750
Total Expenditures	<u>3,751,340</u>	<u>2,907,784</u>	<u>644,620</u>	<u>85,134</u>	<u>123,275</u>	<u>7,512,153</u>

Other Financing Sources and Uses:

Transfers in	-	211,257	-	-	-	211,257
Transfer out	(211,257)	-	-	-	-	(211,257)
Other Financing Sources (Uses)	<u>(211,257)</u>	<u>211,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Revenues and Other Financing Sources Over (Under)

Expenditures and Other Financing Uses

Fund Balances, Beginning	339,897	(67,382)	12,900	(48,575)	1,077	237,917
Fund Balances, Ending	<u>5,577,891</u>	<u>1,153,133</u>	<u>48,390</u>	<u>62,381</u>	<u>138,486</u>	<u>6,980,281</u>
	<u>\$ 5,917,788</u>	<u>\$ 1,085,751</u>	<u>\$ 61,290</u>	<u>\$ 13,806</u>	<u>\$ 139,563</u>	<u>\$ 7,218,198</u>

Reconciliation of revenues and other financing sources and uses over expenditures to change in net assets

Capitalization of current year asset acquisitions	237,917
Depreciation expense	1,032,347
Bond principal payments	(682,021)
Interest, pension and compensated absences accrual changes	160,000
Loss on sale of assets	6,665
	<u>(37,246)</u>
Change in Net Assets	<u>\$ 717,662</u>

TOWN OF WILTON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS AND CHANGES IN FIDUCIARY NET ASSETS
DECEMBER 31, 2011

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash	\$ 10,451	\$ 7,111
Liabilities		
Agency liabilities	<u>-</u>	<u>7,111</u>
Net Assets	<u><u>\$ 10,451</u></u>	<u><u>\$ -</u></u>

	Statement of Changes in Fiduciary Net Assets
Interest income	\$ <u>24</u>
Change in net assets	24
Net assets, beginning	<u>10,427</u>
Net assets, ending	<u><u>\$ 10,451</u></u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<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	\$ 10,000	\$ 10,000	\$ 11,233	\$ -	\$ 1,233
Non-property tax items	2,332,728	2,332,728	2,714,535	-	381,807
Departmental income	457,700	458,300	601,502	-	143,202
Use of money and property	52,100	52,100	54,465	-	2,365
Licenses and permits	73,000	73,000	123,206	-	50,206
Fines and forfeitures	250,000	250,000	207,822	-	(42,178)
Sale of property and compensation for loss	-	5,410	6,009	-	599
Miscellaneous local sources	2,500	2,500	2,918	-	418
State aid	500,000	500,000	580,804	-	80,804
Total revenues	<u>3,678,028</u>	<u>3,684,038</u>	<u>4,302,494</u>	<u>-</u>	<u>618,456</u>
Expenditures and Other Financing Uses					
Expenditures:					
General government support	1,609,654	1,575,650	1,458,339	-	117,311
Public safety	184,265	192,615	173,448	-	19,167
Health	14,200	14,200	17,219	-	(3,019)
Transportation	165,342	194,179	181,396	-	12,783
Economic assistance and opportunity	19,500	19,500	12,371	-	7,129
Culture and recreation	740,058	782,034	754,177	-	27,857
Home and community services	426,996	434,256	408,575	-	25,681
Employee benefits	596,780	617,337	573,065	-	44,272
Debt service	172,750	172,750	172,750	-	-
Total expenditures	<u>3,929,545</u>	<u>4,002,521</u>	<u>3,751,340</u>	<u>-</u>	<u>251,181</u>
Other financing uses:					
Transfers out	-	211,257	211,257	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (251,517)</u>	<u>\$ (529,740)</u>	<u>\$ 339,897</u>	<u>\$ -</u>	<u>\$ 869,637</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<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	\$ 2,311,272	\$ 2,367,477	\$ 2,367,477	\$ -	\$ -
Departmental income	30,000	30,000	95,453	-	65,453
Use of money and property	6,000	12,900	16,628	-	3,728
Sale of property and compensation for loss	-	13,000	15,222	-	2,222
Miscellaneous local sources	-	-	24	-	24
State aid	123,743	123,743	124,174	-	431
Federal aid	-	-	10,167	-	10,167
Total revenues	<u>2,471,015</u>	<u>2,547,120</u>	<u>2,629,145</u>	<u>-</u>	<u>82,025</u>
Expenditures and Other Financing Uses					
Expenditures:					
Transportation	2,278,015	2,822,136	2,487,831	199,957	134,348
Employee benefits	438,000	444,741	419,953	-	24,788
Total expenditures	<u>2,716,015</u>	<u>3,266,877</u>	<u>2,907,784</u>	<u>199,957</u>	<u>159,136</u>
Other Financing Sources:					
Transfers in	-	211,257	211,257	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (245,000)</u>	<u>\$ (508,500)</u>	<u>\$ (67,382)</u>	<u>\$ (199,957)</u>	<u>\$ (241,161)</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:

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 \$72,000 in 2011 for eleven 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.
- (n) Subsequent Events: Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through May 15 2012, 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.

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 2011, 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, 2011 of the Town's total cash in the pooled account of \$5,636,962, the Town's funds had the following book balances in the pooled bank accounts:

<u>Fund</u>	<u>Cash</u>
General	\$ 4,918,943
Highway	586,239
Emergency Squad	61,290
Capital Projects	(1,977)
Drainage	2,459
Special Grant	70,008
	<u>\$ 5,636,962</u>

4. RESTRICTED CASH

Restricted cash consists of the following:

General fund:	
Parkland reserve	\$ 113,079
Highway fund:	
Traffic migration revenue	592,303
Equipment revenue	3,020
	<u>\$ 708,402</u>

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2011 was as follows:

	January 1, 2011	Additions	Deletions	December 31, 2011
Land	\$ 1,897,763	\$ 58,893	\$ -	\$ 1,956,656
Leasehold improvements	559,562	9,591	-	569,153
Buildings	4,338,567	-	-	4,338,567
Infrastructure	4,186,942	473,633	-	4,660,575
Equipment	4,193,884	490,230	278,557	4,405,557
	<u>15,176,718</u>	<u>1,032,347</u>	<u>278,557</u>	<u>15,930,508</u>
Less Accumulated Depreciation:				
Buildings	988,996	107,823	-	1,096,819
Leasehold Improvements	87,700	22,753	-	110,453
Infrastructure	892,691	290,975	-	1,183,666
Equipment	2,757,687	260,470	241,311	2,776,846
	<u>4,727,074</u>	<u>682,021</u>	<u>241,311</u>	<u>5,167,784</u>
Net capital assets	<u>\$ 10,449,644</u>	<u>\$ 350,326</u>	<u>\$ (37,246)</u>	<u>\$ 10,762,724</u>

Depreciation was charged to the following functions:

General Government	\$ 47,209
Transportation	547,343
Culture and Recreation	87,469
Total depreciation expense	<u>\$ 682,021</u>

6. DEBT

A summary of changes in debt is as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Bonds (Long-Term)	\$ 505,000	\$ -	\$ 160,000	\$ 345,000
Compensated absences*	59,810	-	5,939	53,871
	<u>\$ 564,810</u>	<u>\$ -</u>	<u>\$ 165,939</u>	<u>\$ 398,871</u>

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

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, 2011</u>
Public Improvements	5/03	\$ 1,475,000	3.0%	5/13	<u>\$ 345,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 170,000	\$ 7,800	\$ 177,800
2013	<u>175,000</u>	<u>2,625</u>	<u>177,625</u>
	<u>\$ 345,000</u>	<u>\$ 10,425</u>	<u>\$ 355,425</u>

Total interest expenditures for the year ended December 31, 2011 were \$12,750.

7. FUND BALANCE

As of December 31, 2011, the Town implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB 54 defines five categories of fund balances as follows:

- **Non-spendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town had no committed fund balances at December 31, 2011.
- **Assigned** fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for ensuing year's budget.
- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

TOWN OF WILTON, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

7. FUND BALANCE (CONTINUED)

Fund balances are detailed as follows:

	<u>General</u>	<u>Highway</u>	<u>Emergency Squad</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Nonspendable						
Inventory	\$ 3,456	\$ 86,905	\$ -	\$ -	\$ -	\$ 90,361
Prepaid Expenses	<u>81,927</u>	<u>28,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,395</u>
	<u>85,383</u>	<u>115,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,756</u>
Restricted						
Stormwater	48,500	-	-	-	-	48,500
Sidewalks	4,980	-	-	-	-	4,980
Parks	23,110	-	-	-	-	23,110
Traffic Mitigation	-	572,303	-	-	-	572,303
Equipment	<u>-</u>	<u>2,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,020</u>
	<u>76,590</u>	<u>575,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,913</u>
Assigned						
Subsequent Years Budget	89,969	219,957	-	-	-	309,926
Highway	-	175,098	-	-	-	175,098
Emergency Squad	-	-	61,290	-	-	61,290
Capital Projects	-	-	-	13,806	-	13,806
Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,563</u>	<u>139,563</u>
	<u>89,969</u>	<u>395,055</u>	<u>61,290</u>	<u>13,806</u>	<u>139,563</u>	<u>699,683</u>
Unassigned	<u>5,665,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,665,846</u>
	<u>\$ 5,917,788</u>	<u>\$ 1,085,751</u>	<u>\$ 61,290</u>	<u>\$ 13,806</u>	<u>\$ 139,563</u>	<u>\$ 7,218,198</u>

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, 2011 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 193	\$ 171
Highway	<u>171</u>	<u>193</u>
	<u>\$ 364</u>	<u>\$ 364</u>

9. PENSION PLAN (CONTINUED)

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:

2011	\$ 314,019
2010	\$ 259,253
2009	\$ 122,060

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:

- 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.
- 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 County of Saratoga Local Law No. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan which currently has 54 participants, 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 plan purchases commercial insurance for employer's third party suits; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2011 the Town's workers' compensation premium was \$64,138. The Town annual workers compensation premium is included in the County tax levy for the given fiscal year, therefore no expenditure is reflected in the Town's financial statements for workers' compensation. For the year ended December 31, 2010 (last available information) the plan had a reserved balance of \$5,882,000. Claims and judgments are recognized consistent with requirements of GASB Statement No. 10 Accounting and Financial Reporting for Risk Financial and Related Insurance Losses, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liabilities of \$13,835,000 at December 31, 2010, were recorded as accrued liabilities by the County. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020.

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, 2011 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 \$18,261 in 2011.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

CUSACK & COMPANY
Certified Public Accountants LLC
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**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, 2011, and have issued our report thereon dated May 15, 2012. 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.

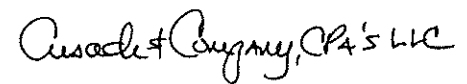
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies 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.

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
May 15, 2012