

TOWN OF WILTON, NEW YORK
FINANCIAL REPORT

DECEMBER 31, 2015

TOWN OF WILTON, NEW YORK

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Town of Wilton, New York
Management's Discussion and Analysis (Unaudited)
December 31, 2015

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, 2015. 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 \$22,226,392 an increase of \$1,081,106 over the prior year.
- Total revenues generated in 2015 were \$8,729,159. Non-property tax items revenue generated 67% of this total, or \$5,760,334.
- The Town's contribution to the NYS Retirement system was \$402,000 a decrease of \$8,000 over 2014.
- The Town of Wilton invested \$909,000 in road improvements.
- The Town of Wilton purchased \$481,000 in new equipment.
- The Town's General Fund Unassigned Fund Balance is \$6,194,000.
- The Town added \$165,000 to the Gavin Park Capital Project Budget bringing the total budget up to \$1,437,000.

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 fund 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 \$22,226,392 an increase of \$1,081,106 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	\$7,570,284
Restricted cash	\$957,800
Capital Assets	<u>\$13,235,801</u>
Deferred Outflows of Revenue	<u>\$462,507</u>
Total Assets	<u><u>\$22,226,392</u></u>
Current Liabilities	\$426,539
Long-Term Liabilities	<u>\$1,031,430</u>
Total Liabilities	<u>\$1,457,969</u>
Deferred Inflows of Revenue	\$22,278
Net Assets:	
Invested in capital assets, net of debt	\$13,235,801
Restricted	\$948,426
Unassigned	<u>\$6,561,918</u>
Total Net Assets	<u>\$20,746,145</u>
Total Liabilities and Net Assets	<u><u>\$22,226,392</u></u>

THE TOWN AS A WHOLE (continued)

Non-Property Tax Items revenues received were \$5,760,000 which represents 66% of the total revenue source of the Town.

The Traffic Mitigation reserve account is \$769,137 which will help offset the future cost of road improvements due to the increased traffic from businesses.

The Unassigned Fund Balance in the General Fund increased by \$443,000 to \$6,194,000, this was attributable primarily to increased revenues and conservative spending. Sales tax receipts continue to perform well. Our Town Departments continually look to curb spending and the Town Board's conservative approach to spending has allowed us to maintain a healthy Unassigned Fund Balance amount over the years.

Combined Statement of Revenues and Expenditures

	<u>2014</u>	<u>2015</u>
<u>Revenues</u>		
Real property taxes	\$ 591,567	\$ 591,751
Real property tax items	10,363	9,193
Non-property tax items	5,643,250	5,760,334
Departmental income	572,093	929,394
Intergovernmental charges		8,286
Use of money and property	30,111	18,366
License and permits	118,795	156,970
Fines and forfeitures	214,497	220,722
Sale of property	18,330	36,116
Misc local sources	54,542	25,233
State Aid	711,045	850,055
Federal Aid	134,710	122,739
Total revenues	\$8,099,303	\$8,729,159
Other financing sources:		
Operating Transfers in		
Total revenues and other financing sources	\$8,099,303	\$8,729,159
 <u>Expenditures:</u>		
General government support	\$ 1,516,615	\$ 1,634,220
Public safety	73,737	92,804
Health	616,573	593,844
Transportation	3,387,772	3,089,355
Economic assistance and opportunity	16,317	20,992
Culture and recreation	1,474,514	1,816,569
Home and community services	574,427	488,463
Employee benefits	1,222,268	1,203,426
Debt service		
Total expenses	\$ 8,882,223	\$ 8,939,673
Other financing uses:	522,291	240,600
Operating transfers out	-522,291	-240,600
Total expenditures and other financing sources	\$8,882,223	\$8,939,673
Revenues and other financing sources over(under) Expenditures and other financing uses	(\$782,920)	(\$210,514)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2015, the Town had \$13.2 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:

- | | |
|-------------------------------|------------|
| • Various Equipment purchases | \$ 481,000 |
| • Infrastructure(Roads) | \$909,000 |
| • Building Additions | \$464,000 |

Debt:

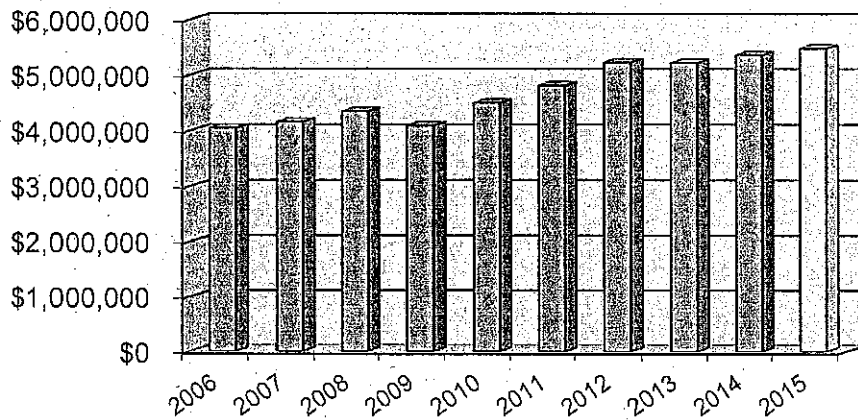
The Town is debt free and has been for 3 years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

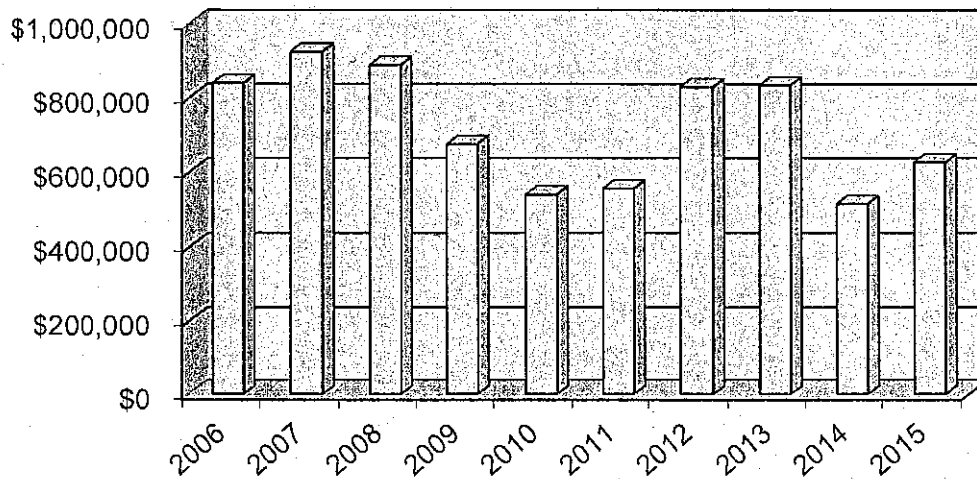
The Town's elected and appointed officials considered many factors when setting the 2016 budget. Some of those factors are the economy and the Town's long running commitment to hold to a "no town tax". Because of the Town's fast growing economy and fiscally conservative approach to spending the Town 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 has 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 2016 budget is a balanced budget with no use of the Towns General Fund 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 10 year visual of our main revenue sources.

Sales Tax 10 Year Comparision



Mortgage Tax 10 Year 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: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton, New York as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

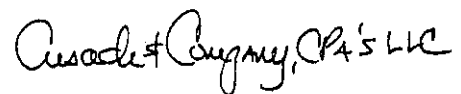
Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 1-6 and 16-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards 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 consist 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2016 on our consideration of the Town'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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 18, 2016

TOWN OF WILTON, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2015

Assets

Current assets:

Cash	\$ 6,092,718
Other receivables	187,709
Due from other governments	1,038,345
Prepaid expenses	167,490
Inventory	<u>84,022</u>
Total current assets	<u>7,570,284</u>

Noncurrent assets:

Restricted cash	957,800
Capital assets, net of accumulated depreciation	<u>13,235,801</u>
Total noncurrent assets	<u>14,193,601</u>

Deferred Outflows of Resources

462,507

Total assets and deferred outflows of resources

\$ 22,226,392

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 329,855
Due to other governments	3,166
Unearned revenues	5,070
Compensated absences payable	<u>88,448</u>
Total current liabilities	<u>426,539</u>

Long-Term Liabilities:

Net Pension Liability	302,925
Postemployment benefits payable	<u>728,505</u>
Total long-term liabilities	<u>1,031,430</u>

Deferred Inflows of Resources

22,278

Net Position

Invested in capital assets, net of related debt	13,235,801
Restricted	948,426
Unassigned	<u>6,561,918</u>
Total net position	<u>20,746,145</u>

Total liabilities, deferred inflows of resources
and net position

\$ 22,226,392

TOWN OF WILTON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Governmental Activities</u>	<u>Program Revenues</u>				<u>Net Expense (Revenue)</u>
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 2,019,509	\$ 269,601	\$ -	\$ -	\$ 1,749,908
Public safety	108,066	-	-	-	108,066
Health	594,408	3,561	-	-	590,847
Transportation	3,162,883	113,758	-	177,015	2,872,110
Economic assistance	20,992	-	-	-	20,992
Culture and recreation	1,663,661	501,876	-	-	1,161,785
Home and community services	587,431	487,925	122,739	-	(23,233)
Total governmental activities	<u>\$ 8,156,950</u>	<u>\$ 1,376,721</u>	<u>\$ 122,739</u>	<u>\$ 177,015</u>	<u>\$ 6,480,475</u>
General revenues:					
Real property taxes and tax items					600,944
Franchise taxes					277,139
Sales taxes					5,483,195
Mortgage taxes					636,094
State aid					36,946
Use of money and property					<u>18,366</u>
Total general revenues					<u>7,052,684</u>
Change in net position					572,209
Net position, beginning of year (as restated)					<u>20,173,936</u>
Net position, end of year					<u>\$ 20,746,145</u>

TOWN OF WILTON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<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	\$ 5,301,607	\$ 473,327	\$ 64,059	\$ 142,051	\$ 111,674	\$ 6,092,718
Other receivables	187,399	-	-	-	310	187,709
Due from other governments	1,038,345	-	-	-	-	1,038,345
Due from other funds	240	1,909	-	-	-	2,149
Prepaid expenses	118,016	49,474	-	-	-	167,490
Restricted cash	144,547	813,253	-	-	-	957,800
Inventory	-	<u>84,022</u>	-	-	-	<u>84,022</u>
Total assets	<u>\$ 6,790,154</u>	<u>\$ 1,421,985</u>	<u>\$ 64,059</u>	<u>\$ 142,051</u>	<u>\$ 111,984</u>	<u>\$ 8,530,233</u>

TOWN OF WILTON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2015

	<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	\$ 211,881	\$ 53,047	\$ -	\$ 64,927	\$ -	\$ 329,855
Due to other funds	1,909	240	-	-	-	2,149
Due to other governments	3,166	-	-	-	-	3,166
Unearned revenue	-	-	-	-	5,070	5,070
Total liabilities	<u>216,956</u>	<u>53,287</u>	<u>-</u>	<u>64,927</u>	<u>5,070</u>	<u>340,240</u>
Commitments and Contingencies						
Fund Balances						
Nonspendable	118,016	133,496	-	-	-	251,512
Restricted	150,583	797,843	-	-	-	948,426
Committed	62,944	-	-	-	-	62,944
Assigned	47,035	437,359	64,059	77,124	106,914	732,491
Unassigned	<u>6,194,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,194,620</u>
Total fund balances	<u>6,573,198</u>	<u>1,368,698</u>	<u>64,059</u>	<u>77,124</u>	<u>106,914</u>	<u>8,189,993</u>
Total liabilities and fund balances	<u>\$ 6,790,154</u>	<u>\$ 1,421,985</u>	<u>\$ 64,059</u>	<u>\$ 142,051</u>	<u>\$ 111,984</u>	<u>\$ 8,530,233</u>
Reconciliation of total governmental fund balances to net position						
Total governmental fund balances						
Fixed assets, net						
Postemployment benefits payable						
Accrual of compensated absences						
Net pension liability/deferreds						
Net position						
						<u>\$ 20,746,145</u>

TOWN OF WILTON, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

Revenues	General	Highway	Emergency Squad	Total Capital Projects	Other Governmental Funds	Total
Real property taxes	\$ -	\$ -	\$ 589,471	\$ -	\$ 2,280	\$ 591,751
Real property tax items	9,193	-	-	-	-	9,193
Non-property tax items	2,843,481	2,916,853	-	-	-	5,760,334
Departmental income	838,243	91,151	-	-	-	929,394
Intergovernmental charges	-	8,286	-	-	-	8,286
Use of money and property	14,905	2,199	97	1,011	154	18,366
Licenses and permits	156,970	-	-	-	-	156,970
Fines and forfeitures	220,722	-	-	-	-	220,722
Sale of property and compensation for loss	21,855	14,261	-	-	-	36,116
Miscellaneous local sources	20,173	60	-	5,000	-	25,233
State aid	673,040	177,015	-	-	-	850,055
Federal aid	-	-	-	-	122,739	122,739
Total revenues	\$ 4,798,582	\$ 3,209,825	\$ 589,568	\$ 6,011	\$ 125,173	\$ 8,729,159

TOWN OF WILTON, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 1,634,220	\$ -	\$ -	\$ -	\$ -	\$ 1,634,220
Public safety	92,804	-	-	-	-	92,804
Health	3,478	-	590,366	-	-	593,844
Transportation	206,782	2,882,573	-	-	-	3,089,355
Economic assistance and opportunity	20,992	-	-	-	-	20,992
Culture and recreation	980,020	-	-	836,549	-	1,816,569
Home and community services	365,724	-	-	-	122,739	488,463
Employee benefits	740,915	462,511	-	-	-	1,203,426
Total expenditures	<u>4,044,935</u>	<u>3,345,084</u>	<u>590,366</u>	<u>836,549</u>	<u>122,739</u>	<u>8,939,673</u>
Other financing sources and uses:						
Transfers in	-	68,100	-	172,500	-	240,600
Transfers out	<u>(228,100)</u>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,600)</u>
Total other financing sources (uses)	<u>(228,100)</u>	<u>55,600</u>	<u>-</u>	<u>172,500</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	525,547	(79,659)	(798)	(658,038)	2,434	(210,514)
Fund balances, beginning	<u>6,047,651</u>	<u>1,448,357</u>	<u>64,857</u>	<u>735,162</u>	<u>104,480</u>	<u>8,400,507</u>
Fund balances, ending	<u>\$ 6,573,198</u>	<u>\$ 1,368,698</u>	<u>\$ 64,059</u>	<u>\$ 77,124</u>	<u>\$ 106,914</u>	<u>\$ 8,189,993</u>

Reconciliation of governmental funds revenues and other financing sources over expenditures and other financing uses to change in net position

Capitalization of current year asset acquisitions	1,865,991
Depreciation expense	(893,119)
Compensated absences accrual changes	(819)
Loss on sale of assets	(57,484)
Postemployment health insurance	(263,462)
Pension Adjustment	<u>131,616</u>
Change in Net Position	<u>\$ 572,209</u>

Change in Net Position

\$ 572,209

TOWN OF WILTON, NEW YORK
 STATEMENT OF FIDUCIARY NET POSITION AND CHANGES IN FIDUCIARY NET POSITION
 DECEMBER 31, 2015

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash	\$ 11,450	\$ 65,000
Liabilities		
Agency liabilities	<u> -</u>	<u>65,000</u>
Net Position	<u>\$ 11,450</u>	<u>\$ -</u>

**Statement of Changes in
Fiduciary Net Position**

Interest income	\$ <u>16</u>
Change in net position	16
Net position, beginning of year	<u>11,434</u>
Net position, end of year	<u>\$ 11,450</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Adopted Budget	Final Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
Revenues					
Real property tax items	\$ 11,000	\$ 11,000	9,193	-	\$ (1,807)
Non-property tax items	2,847,531	2,877,531	2,843,481	-	(34,050)
Departmental income	653,200	653,200	838,243	-	185,043
Use of money and property	27,100	27,100	14,905	-	(12,195)
Licenses and permits	81,500	81,500	156,970	-	75,470
Fines and forfeitures	200,000	200,000	220,722	-	20,722
Sale of property and compensation for loss	3,000	21,700	21,855	-	155
Miscellaneous local sources	-	-	20,173	-	20,173
State aid	528,500	530,200	673,040	-	142,840
Total revenues	<u>4,351,831</u>	<u>4,402,231</u>	<u>4,798,582</u>	<u>-</u>	<u>396,351</u>
Expenditures					
General government support	1,809,489	1,845,266	1,634,220	8,669	202,377
Public safety	105,344	111,783	92,804	-	18,979
Health	10,700	10,700	3,478	-	7,222
Transportation	216,272	252,732	206,782	25,962	19,988
Economic assistance and opportunity	21,660	22,460	20,992	-	1,468
Culture and recreation	1,062,556	1,046,039	980,020	9,854	56,165
Home and community services	409,727	425,927	365,724	2,550	57,653
Employee benefits	794,000	754,767	740,915	-	13,852
Total expenditures	<u>4,429,748</u>	<u>4,469,674</u>	<u>4,044,935</u>	<u>47,035</u>	<u>377,704</u>
Other Financing Uses					
Transfer out	-	228,100	228,100	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (77,917)</u>	<u>\$ (295,543)</u>	<u>\$ 525,547</u>	<u>\$ (47,035)</u>	<u>\$ 774,055</u>

TOWN OF WILTON, NEW YORK
BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u></u>	<u></u>	<u>(Unfavorable)</u>
Revenues					
Non-property tax items	\$ 2,916,853	\$ 2,916,853	2,916,853	\$ -	\$ -
Departmental income	50,000	50,000	91,151	-	41,151
Intergovernmental charges	-	-	8,286	-	8,286
Use of money and property	5,000	5,000	2,199	-	(2,801)
Sale of property and compensation for loss	5,000	5,000	14,261	-	9,261
Miscellaneous local sources	-	-	60	-	60
State aid	155,674	176,624	177,015	-	391
Total revenues	<u>3,132,527</u>	<u>3,153,477</u>	<u>3,209,825</u>	<u>-</u>	<u>56,348</u>
Expenditures					
Transportation	2,737,927	3,245,443	2,882,573	97,767	265,103
Employee benefits	544,600	532,300	462,511	-	69,789
Total expenditures	<u>3,282,527</u>	<u>3,777,743</u>	<u>3,345,084</u>	<u>97,767</u>	<u>334,892</u>
Other Financing Sources (Uses)					
Transfer in	-	68,100	68,100	-	-
Transfer out	-	(12,500)	(12,500)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>55,600</u>	<u>55,600</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (150,000)</u>	<u>\$ (568,666)</u>	<u>\$ (79,659)</u>	<u>\$ (97,767)</u>	<u>\$ 391,240</u>

TOWN OF WILTON, NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 accepted 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 61.

The decision to include a potential component unit in the Town reporting entity is based on several criteria set forth in GASB 61 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 \$6,901 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 ("the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 WWPP and accountability for fiscal matters. The Town is not liable for any debt incurred by the WWPP.

- (b) Financial Statements: 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 position 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 position, a statement of activities and changes in net position.

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

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, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 transactions is recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenues from grants 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 to 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 expenditures or liabilities.
- (f) Inventory: Inventory, consisting primarily of highway supplies, is valued at the lower of cost, (first-in, first-out method) or market.
- (g) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 the Town's real property taxes:

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

(i) Compensated Absences: Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave at various rates subject to certain maximum limitations. Employees are not entitled to sick time upon termination, therefore no liability for accrued sick leave has been recorded.

(j) Fund Balance Reserves: The Town's fund balance reserves represent those portions of the fund balance not available for appropriation, or legally designated for a specific future use.

(k) Postemployment Benefits (OPEB): 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.

OPEB costs on a pay-as-you-go basis were approximately \$92,000 in 2015 for 19 retirees.

(l) Estimates: The preparation of financial statements in accordance 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.

(m) Subsequent Events: Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through April 18, 2016, the date the financial statements were available to be issued. No such events or transactions were identified.

2. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2015, the Town implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the Town to report as a liability its portion of the collective net pension liability in the New York State Employees' Retirement Systems.

3. CASH AND INVESTMENTS

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

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations issued, fully insured, or guaranteed by New York State, and obligations issued by any municipality or school district of New York State. Restrictions may apply to some of the above categories.

During 2015, 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.

4. 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, 2015 the Town's total cash in the pooled account was \$5,932,083 and had the following book balances by fund:

<u>Fund</u>	
General	\$ 5,145,732
Highway	473,327
Emergency Squad	64,059
Capital Projects	142,051
Drainage	7,434
Special Grant	<u>99,480</u>
	<u>\$ 5,932,083</u>

5. RESTRICTED CASH

Restricted cash consists of the following:

General fund:	
Parks	\$ 144,547
Highway fund:	
Traffic migration revenue	769,137
Equipment revenue	<u>44,116</u>
	<u>\$ 957,800</u>

TOWN OF WILTON, NEW YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2015 was as follows:

	January 1, 2015	Additions	Deletions	December 31, 2015
Land	\$ 1,956,656	\$ 10,092	\$ -	\$ 1,966,748
Improvements	600,157	-	-	600,157
Buildings	4,792,387	464,701	-	5,257,088
Infrastructure	6,866,332	909,779	-	7,776,111
Equipment	<u>5,223,551</u>	<u>481,419</u>	<u>109,057</u>	<u>5,595,913</u>
	<u>19,439,083</u>	<u>1,865,991</u>	<u>109,057</u>	<u>21,196,017</u>
Less Accumulated Depreciation:				
Buildings	1,420,288	112,928	-	1,533,216
Improvements	184,794	25,161	-	209,955
Infrastructure	2,221,281	447,555	-	2,668,836
Equipment	<u>3,292,307</u>	<u>307,475</u>	<u>51,573</u>	<u>3,548,209</u>
	<u>7,118,670</u>	<u>893,119</u>	<u>51,573</u>	<u>7,960,216</u>
Net capital assets	<u>\$ 12,320,413</u>	<u>\$ 972,872</u>	<u>\$ 57,484</u>	<u>\$ 13,235,801</u>

Depreciation was charged to the following functions:

General government	\$ 58,436
Transportation	744,566
Culture and recreation	<u>90,117</u>
Total depreciation expense	<u>\$ 893,119</u>

7. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has three items totaling \$462,507 relating to pensions reported as deferred outflows.

8. COMPENSATED ABSENCES

A summary of changes in compensated absences is as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Compensated absences*	<u>\$ 87,629</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ 88,448</u>

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

9. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

Plan Description

The Town provides postemployment medical, dental and Medicare part B benefits to qualified retirees and their eligible dependents. The benefits are provided through fully insured plans.

Eligible employees must be age 55 or older and must be eligible to receive a pension from the New York State Retirement System. Employees hired before January 1, 1994 will be required to be employed on a full-time basis for the Town for a minimum of 15 years to qualify for benefits. Employees hired on or after January 1, 1994 will be required to be employed on a full-time basis for the Town for a minimum of 20 years to qualify for benefits.

Retirees contribute toward the cost of benefits by paying percentages that are based on the percentages in effect at the time of their retirement. Active employees will contribute based on the contribution percentages in effect at the time of retirement. The amount to be contributed by employees retiring in the future can be adjusted at the discretion of the Town Board.

The percentages presently used for active employees retiring in the future are as follows:

Retiree Coverage	9.3%
Spouse Coverage	17.2%

Surviving Spouse Benefit

Some surviving spouses will continue to receive benefits paid by the Town following the death of the retiree. Surviving spouses of retirees that were employed before January 1, 1994 will be able to keep the Town’s health insurance and contribute at the rate adopted during the budget process. Surviving spouses of retirees that were employed on or after January 1, 1994 will be able to keep their coverage but will be required to contribute 100% of the premium.

Funding Policy

As required by GASB 45, an actuary will determine the Town’s Annual Required Contributions (ARC) at least once every three fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the Town’s funding policy is to continue to pay healthcare premiums for retirees as they become due. The Town has elected not to establish an irrevocable trust at this time. As a result, no financial statements of the plan are available.

The Town Board reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the Town’s circumstances.

9. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation:

Normal Cost	\$ 159,482
Supplemental Cost	212,293
Interest	<u>7,362</u>
Annual Required Contribution (ARC)	379,137
Interest on Net OPEB Obligation	18,601
Adjustment to ARC	<u>(26,370)</u>
Annual OPEB Cost (Expense)	371,368
Expected Benefit Payments	<u>(107,906)</u>
Increase in net OPEB Obligation	263,462
Net OPEB Obligation, Beginning of Year	<u>465,043</u>
Net OPEB Obligation, End of Year	<u>\$ 728,505</u>

The Town’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for the fiscal year ended December 31, 2015 are as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Actual/</u> <u>Expected</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	\$ 338,222	\$ 126,062	37.27%	\$ 212,160
2014	\$ 354,510	\$ 101,627	28.67%	\$ 465,043
2015	\$ 371,368	\$ 107,906	29.06%	\$ 728,505

The funded status of the plan as of December 31, 2015 and the preceding years is as follows:

<u>Actuarial</u> <u>Valuation</u>	<u>Actuarial</u> <u>Accrual</u> <u>Liability</u> <u>Date</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
1/1/2013	\$ 3,283,528	\$ 3,283,528	\$ 2,003,200	163.91%
1/1/2014	\$ 3,538,582	\$ 3,538,582	\$ 2,043,264	173.18%
1/1/2015	\$ 3,817,826	\$ 3,817,826	\$ 2,063,296	185.04%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of January 1, 2013. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10.50% for the pre 65 plans and 6.12% for the post 65 plans initially, 10.00% in the second year, and then reduced by 1.00% decrements to an ultimate rate of 5.00% after 4 years. The Town's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 29 years. The remaining amortization period as of December 31, 2015 was 27 years.

10. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Town has one item totaling \$22,278 related to pensions reported as deferred inflows.

11. FUND BALANCE

As of December 31, 2015, the Town implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB 54 defines five categories of fund balances as follows:

- **Nonspendable** 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.
- **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 the 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, 2015

11. 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 Funds</u>	<u>Total</u>
Nonspendable						
Inventory	\$ -	\$ 84,022	\$ -	\$ -	\$ -	\$ 84,022
Prepaid expenses	<u>118,016</u>	<u>49,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,490</u>
	<u>118,016</u>	<u>133,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,512</u>
Restricted						
Sidewalks	6,036	-	-	-	-	6,036
Parks	144,547	-	-	-	-	144,547
Traffic mitigation	-	753,727	-	-	-	753,727
Equipment	<u>-</u>	<u>44,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,116</u>
	<u>150,583</u>	<u>797,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948,426</u>
Committed						
Stormwater	<u>62,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,944</u>
Assigned						
Encumbrances	47,035	97,767	-	-	-	144,802
Highway	-	339,592	-	-	-	339,592
Emergency squad	-	-	64,059	-	-	64,059
Capital projects	-	-	-	77,124	-	77,124
Other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,914</u>	<u>106,914</u>
	<u>47,035</u>	<u>437,359</u>	<u>64,059</u>	<u>77,124</u>	<u>106,914</u>	<u>732,491</u>
Unassigned	<u>6,194,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,194,620</u>
	<u>\$6,573,198</u>	<u>\$1,368,698</u>	<u>\$ 64,059</u>	<u>\$ 77,124</u>	<u>\$ 106,914</u>	<u>\$8,189,993</u>

12. 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, 2015 and interfund revenue and expense transactions for the year then ended were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interflow Revenue</u>	<u>Interflow Expense</u>
General	\$ 240	\$ 1,909	\$ -	\$ 228,100
Highway	1,909	240	68,100	12,500
Capital Projects	<u>-</u>	<u>-</u>	<u>172,500</u>	<u>-</u>
	<u>\$ 2,149</u>	<u>\$ 2,149</u>	<u>\$ 240,600</u>	<u>\$ 240,600</u>

13. PENSION PLAN

General Information

The Town participates in the New York State and Local Employees' Retirement System ("ERS"). The System is a cost sharing multiple-employer, public employee retirement systems. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Description and Benefits Provided

The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues 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 System, 110 State Street, Albany, NY 12244.

The System is a noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership and employees who joined on or after January 1, 2010 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100% of the contributions required as follows:

2015	\$	400,196
2014	\$	410,891
2013	\$	401,021

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ended March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ended March 31, 2011 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The Town has not bonded or amortized any portion of their retirement obligations.

13. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions

At December 31, 2015, the Town reported a liability of \$302,925 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the Town's proportion was .01% percent.

At December 31, 2015, the Town reported deferred outflows of resources related to pensions from the following sources:

	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 9,697
Net difference between projected and actual earnings on pension plan investments	52,614
Contributions subsequent to the measurement date	<u>400,196</u>
	<u>\$ 462,507</u>

At December 31, 2015, the Town reported deferred inflows of resources related to pensions from the following sources:

	Total Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>\$ 22,278</u>

The net amount of the employer's balances of deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31, 2016	\$ 410,205
December 31, 2017	10,008
December 31, 2018	10,008
December 31, 2019	<u>10,008</u>
	<u>\$ 440,229</u>

13. PENSION PLAN (CONTINUED)

ERS Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Interest rate	7.5%
Salary increase	4.9%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period August 1, 2005 - March 31, 2010.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 for ERS were as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return ERS</u>
Domestic equity	7.30%
International equity	8.55%
Private equity	11.0%
Real estate	8.29%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.0%
Cash	2.25%
Inflation-indexed bonds	4.0%

13. PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Assets/Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
Employers' proportionate share of the net pension asset (liability)	\$ <u>(2,019,127)</u>	\$ <u>(302,925)</u>	\$ <u>1,145,975</u>

Pension Plan Fiduciary Net Position

The components of the net pension liability of the Plan as of March 31, 2015 was as follows (in thousands):

Plan total pension liability	\$ (164,591,504)
Fiduciary net position	<u>161,213,259</u>
Plan net pension liability	<u>(3,378,245)</u>
 Ratio of fiduciary net position to the plan total pension liability	 <u>97.9%</u>

13. PENSION PLAN (CONTINUED)

Restatement of Net Position

For the fiscal year ended December 31, 2015, the Town implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of a liability related to the Town's participation in the New York State Employees' retirement systems. The Town's net assets has been restated as follows:

Net Assets, as Previously Stated	\$ 20,168,248
GASB Statement No. 68 Implementation	<u>5,688</u>
Net Assets, as Restated	<u>\$ 20,173,936</u>

14. 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, 2015 the Town's workers' compensation premium was \$44,415. The Town's 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. 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.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental Concerns: The Town is engaged in many activities (*i.e.*, highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2015 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 \$9,467 in 2015.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wilton, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wilton, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of Wilton, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wilton, New York's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Wilton, New York's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

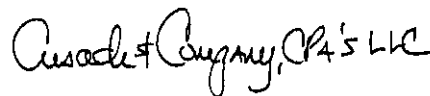
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wilton, New York's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wilton, New York's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wilton, New York's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 18, 2016