

*TOWN OF WILTON*  
*WATER AND SEWER AUTHORITY*

*FINANCIAL STATEMENTS*  
*DECEMBER 31, 2013*

*TOWN OF WILTON WATER AND SEWER AUTHORITY*

*TABLE OF CONTENTS*

*DECEMBER 31, 2013*

---

|   | <b><u>Page</u></b> |
|---|--------------------|
| Independent Auditor's Report                              | 1-2                |
| Management Discussion and Analysis                        | 3-5                |
| Statement of Net Assets                                   | 6                  |
| Statement of Revenues, Expenses and Changes in Net Assets | 7                  |
| Statement of Cash Flows                                   | 8                  |
| Notes to the Financial Statements                         | 9-13               |
| Required Supplementary Information                        |                    |
| Statement of Revenues and Expenses - Budget and Actual    | 14                 |

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

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 Water and Sewer Authority

We have audited the accompanying statement of net assets of the Town of Wilton Water and Sewer Authority as of and for the year ended December 31, 2013, and the related statement of revenues, expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

***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. 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 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 respective financial position of the Town of Wilton Water and Sewer Authority as of December 31, 2013, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 14, respectively, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
June 10, 2014

## **Organization**

The Town of Wilton Water and Sewer Authority (the Authority) provides water supply and distribution as well as sewer services to residents of the Town of Wilton within its service areas. The Authority was created by the State Legislature in 1991. Other than appointing members to the Authority's five member governing board, the Town of Wilton has no oversight responsibility or exerts any control over the Authority.

The Authority has a customer base in excess of 3,125 water and sewer customers.

The Authority currently has three water plants with a total of 27 wells in operation to service its customers. As new housing and commercial developments are approved, the developers are required to construct water distribution lines, sewage collection systems and pumping stations which are then dedicated to the Authority. The Authority also purchases water from the City of Saratoga Springs. This contract allows the Authority the right to purchase up to 250,000 gallons per day at 1 ½ times the City's rate to its users.

The Authority has a contract with the Saratoga County Water Authority ("SCWA") to buy 300,000 gallons of water per day at a cost of \$2.14 per 1,000 gallons. From September 2011 until January 2012, the Authority discontinued taking water from the SCWA due to a temporary potability issue. The SCWA has issued a credit for water that was paid for and not taken during this period. Some of this water was taken in 2012 and the remainder was taken in 2013.

The funding to provide water services comes primarily from charges for water consumption and various developer fees.

The funding to provide sewer services comes primarily from sewer charges to users and capital improvement fees paid by developers. Sewage from the Town is treated by the Saratoga County Sewer District. The Authority provides the individual collection systems and pumping stations to transfer the sewage to the Saratoga County Sewer District.

The Authority provides the following basic financial statements:

Statement of Net Assets  
Statement of Revenues, Expenses and Changes in Net Assets  
Statement of Cash Flows

## **Analysis of Authority's Financial Position**

Total net assets at December 31, 2013 was \$21,365,041; this was an increase of \$623,915 from 2012. Net assets at December 31, 2013 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$7,022,397. Net Assets also includes infrastructure replacement and capital improvement reserves totaling \$5,360,209.

**TOWN OF WILTON WATER AND SEWER AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2013**

---

**Analysis of Authority's Financial Position (Continued)**

Total assets at December 31, 2013 were \$22,379,808; this is an increase of \$339,492 from 2012.

Total assets include capital assets as follows:

|                                   | <u>2013</u>          | <u>2012</u>          | <u>Increase<br/>(Decrease)</u> |
|-----------------------------------|----------------------|----------------------|--------------------------------|
| Capital Assets at historical cost | \$ 19,109,740        | \$ 18,962,845        | \$ 146,895                     |
| Accumulated Depreciation          | <u>(5,880,198)</u>   | <u>(5,467,270)</u>   | <u>(412,928)</u>               |
| Net Capital Assets                | <u>\$ 13,229,542</u> | <u>\$ 13,495,575</u> | <u>\$ (266,033)</u>            |

In 2013, water and sewer lines and pump stations contributed by developers amounted to \$67,486.

Liabilities and deferred inflows of resources at December 31, 2013 totaled \$1,014,767; this was a decrease of \$284,423 from 2012. Included in total liabilities is revenue bonds payable of \$840,000; this is the debt issued for the construction of the Jones Road Water Plant.

On the Statement of Revenues, Expenses, and Changes in Net Assets, operating revenue totaled \$1,964,750 for the year ended December 31, 2013; an increase of \$12,811 from 2012. Included in operating revenues is as follows:

|                                  | <u>2013</u>             | <u>2012</u>             |
|----------------------------------|-------------------------|-------------------------|
| <b>Water Revenues:</b>           |                         |                         |
| Metered Water Rents              | \$ 1,064,526            | \$ 1,104,167            |
| Unmetered Water Rents            | 4,790                   | 4,790                   |
| Buy in Fees                      | 320,350                 | 138,800                 |
| Interest and Penalties           | 12,098                  | 10,935                  |
| Use of Money                     | 31,624                  | 56,491                  |
| Use of Property                  | 50,551                  | 49,078                  |
| Developer Fee Revenue            | 11,060                  | 27,295                  |
| Donated Infrastructure           | 30,676                  | -                       |
| Sale of Meters                   | 9,736                   | 27,568                  |
| Miscellaneous                    | <u>1,699</u>            | <u>13,797</u>           |
| Total Water Revenue              | <u>1,537,110</u>        | <u>1,432,921</u>        |
| <b>Sewer Revenues:</b>           |                         |                         |
| Sewer Rent Revenue               | 258,586                 | 252,092                 |
| Use of Money                     | 11,704                  | 24,231                  |
| Donated Infrastructure           | 36,810                  | -                       |
| Developer Fee Revenue            | <u>120,540</u>          | <u>124,810</u>          |
| Total Sewer Revenue              | <u>427,640</u>          | <u>401,133</u>          |
| <b>Capital Project Revenues:</b> |                         |                         |
| Miscellaneous                    | -                       | 75                      |
| County Aid                       | <u>-</u>                | <u>117,810</u>          |
| Total Capital Projects Revenue   | <u>-</u>                | <u>117,885</u>          |
| <br>Total Operating Revenue      | <br><u>\$ 1,964,750</u> | <br><u>\$ 1,951,939</u> |

**Analysis of Authority's Financial Position (Continued)**

Operating expenses decreased \$655,634 from 2012 to a total of \$1,340,835 for the year ended December 31, 2013. Included in operating expenses is as follows:

|                                | <u>2013</u>         | <u>2012</u>         |
|--------------------------------|---------------------|---------------------|
| Salaries                       | \$ 195,558          | \$ 189,576          |
| Employee Benefits              | 86,481              | 77,233              |
| Contractual Services           | 614,468             | 694,566             |
| Depreciation and Amortization  | 413,668             | 424,132             |
| Interest                       | <u>30,660</u>       | <u>40,333</u>       |
| Total Water and Sewer Expenses | 1,340,835           | 1,425,840           |
| Capital Project Expenses       | <u>-</u>            | <u>570,629</u>      |
| Total Expenses                 | <u>\$ 1,340,835</u> | <u>\$ 1,996,469</u> |

**Analysis of Capital Projects**

During 2013, there were two active Capital Projects to expand the service area to the southeast corner of the Town. The first was for the exploration and test wells in the area. Total costs incurred on this project was \$39,491. The second was for the actual construction of the water lines to the southeast corner of the Town. Total costs incurred on this project was \$10,469. The total budget for the construction of these lines is \$895,000.

**Future Prospects for the Authority's Finances**

Based on a report from the engineers for the Authority, metered consumption figures for 2013 demonstrate that 3,122 service connections for 2013 averaged less than 300 gallons per day. Based upon these consumption figures, it appears that the existing source capacity of the Authority can sustain a total of 10,625 equivalent single family connections. Currently there are 3,122 equivalent single family units connected and there are approximately 245 approved vacant lots (or equivalent residential connections) for which the Authority is committed to provide service.

The Authority has been averaging more than 40 new connections per year and we expect this trend to continue into the foreseeable future. With the Jones Road Water Plant, the contract with the city of Saratoga Springs and the contract with the Saratoga County Water Authority, the Authority will have sufficient supply to provide water for all anticipated growth for the foreseeable future.

**Contact Information**

For additional information, please contact the Authority's Comptroller at Wilton Water and Sewer Authority, 20 Traver Road, Wilton, New York 12831.

**TOWN OF WILTON WATER AND SEWER AUTHORITY**

STATEMENT OF NET ASSETS

DECEMBER 31, 2013

Assets

|                               | <u>Water<br/>Fund</u> | <u>Sewer<br/>Fund</u> | <u>Capital<br/>Projects</u> | <u>Eliminations</u> | <u>Total</u>         |
|-------------------------------|-----------------------|-----------------------|-----------------------------|---------------------|----------------------|
| Cash and Cash Equivalents     | \$ 3,213,562          | \$ -                  | \$ 1,619                    | \$ -                | \$ 3,215,181         |
| Restricted Cash               | 2,973,536             | 2,386,673             | -                           | -                   | 5,360,209            |
| Accounts Receivable           | 302,650               | 65,422                | -                           | -                   | 368,072              |
| Due from Other Governments    | 178,213               | -                     | -                           | -                   | 178,213              |
| Inventory                     | 13,196                | 592                   | -                           | -                   | 13,788               |
| Prepaid Expenses              | 14,803                | -                     | -                           | -                   | 14,803               |
| Due from Other Funds          | 544                   | 196,528               | 5,804                       | (202,876)           | -                    |
| Utility Plant in Service, Net | <u>8,213,488</u>      | <u>4,966,094</u>      | <u>49,960</u>               | <u>-</u>            | <u>13,229,542</u>    |
| Total Assets                  | <u>\$ 14,909,992</u>  | <u>\$ 7,615,309</u>   | <u>\$ 57,383</u>            | <u>\$ (202,876)</u> | <u>\$ 22,379,808</u> |

Liabilities and Net Assets

|  |                      |                     |                  |                     |                      |
|--|----------------------|---------------------|------------------|---------------------|----------------------|
| Accounts Payable and Accrued Expenses                              | \$ 113,596           | \$ 8,967            | \$ 5,804         | \$ -                | \$ 128,367           |
| Bonds Payable  | 840,000              | -                   | -                | -                   | 840,000              |
| Due to Other Funds   | <u>201,257</u>       | <u>-</u>            | <u>1,619</u>     | <u>(202,876)</u>    | <u>-</u>             |
| Total Liabilities  | <u>1,154,853</u>     | <u>8,967</u>        | <u>7,423</u>     | <u>(202,876)</u>    | <u>968,367</u>       |
| Deferred Inflows of Resources                                      | <u>46,400</u>        | <u>-</u>            | <u>-</u>         | <u>-</u>            | <u>46,400</u>        |
| Net Assets   |                      |                     |                  |                     |                      |
| Invested in Capital Assets, Net of<br>Related Debt                 | 7,373,488            | 4,966,094           | 49,960           | -                   | 12,389,542           |
| Replacement Reserve  | 2,973,536            | 1,438,741           | -                | -                   | 4,412,277            |
| Capital Reserve  | -                    | 947,932             | -                | -                   | 947,932              |
| Unrestricted   | <u>3,361,715</u>     | <u>253,575</u>      | <u>-</u>         | <u>-</u>            | <u>3,615,290</u>     |
| Total Net Assets   | <u>13,708,739</u>    | <u>7,606,342</u>    | <u>49,960</u>    | <u>-</u>            | <u>21,365,041</u>    |
| Total Liabilities, Deferred Inflows of<br>Resources and Net Assets | <u>\$ 14,909,992</u> | <u>\$ 7,615,309</u> | <u>\$ 57,383</u> | <u>\$ (202,876)</u> | <u>\$ 22,379,808</u> |



**TOWN OF WILTON WATER AND SEWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

|                                 | <u>Water<br/>Fund</u> | <u>Sewer<br/>Fund</u> | <u>Capital<br/>Projects</u> | <u>Total</u>         |
|---------------------------------|-----------------------|-----------------------|-----------------------------|----------------------|
| Operating Revenue               |                       |                       |                             |                      |
| Water Rent Revenue              | \$ 1,081,414          | \$ -                  | \$ -                        | \$ 1,081,414         |
| Sewer Rent Revenue              | -                     | 258,586               | -                           | 258,586              |
| Use of Money                    | 31,624                | 11,704                | -                           | 43,328               |
| Use of Property                 | 50,551                | -                     | -                           | 50,551               |
| Developer Fee Revenue           | 331,410               | 120,540               | -                           | 451,950              |
| Contributed Capital             | 30,676                | 36,810                | -                           | 67,486               |
| Sale of Meters                  | 9,736                 | -                     | -                           | 9,736                |
| Miscellaneous Revenue           | <u>1,699</u>          | -                     | -                           | <u>1,699</u>         |
| <b>Total Operating Revenue</b>  | <u>1,537,110</u>      | <u>427,640</u>        | <u>-</u>                    | <u>1,964,750</u>     |
| Operating Expense               |                       |                       |                             |                      |
| Salaries                        | 176,184               | 19,374                | -                           | 195,558              |
| Employee Benefits               | 76,465                | 10,016                | -                           | 86,481               |
| Contractual Services            | 515,086               | 99,382                | -                           | 614,468              |
| Depreciation and Amortization   | 265,056               | 148,612               | -                           | 413,668              |
| Interest Expense                | <u>30,660</u>         | -                     | -                           | <u>30,660</u>        |
| <b>Total Operating Expenses</b> | <u>1,063,451</u>      | <u>277,384</u>        | <u>-</u>                    | <u>1,340,835</u>     |
| Operating Transfers In (Out)    | <u>(49,960)</u>       | -                     | <u>49,960</u>               | <u>-</u>             |
| Increase in Net Assets          | 423,699               | 150,256               | 49,960                      | 623,915              |
| Net Assets, Beginning of Year   | <u>13,285,040</u>     | <u>7,456,086</u>      | <u>-</u>                    | <u>20,741,126</u>    |
| Net Assets, Ending of Year      | <u>\$ 13,708,739</u>  | <u>\$ 7,606,342</u>   | <u>\$ 49,960</u>            | <u>\$ 21,365,041</u> |

*TOWN OF WILTON WATER AND SEWER AUTHORITY*

*STATEMENT OF CASH FLOWS*

*FOR THE YEAR ENDED DECEMBER 31, 2013*

---

|   |                     |
|---|---------------------|
| Cash Flows from Operating Activities:   |                     |
| Cash Received from Customers and Developers   | \$ 1,602,069        |
| Cash Paid to Employees, Contractors and Suppliers                                       | <u>(872,500)</u>    |
| Net Cash Provided By Operating Activities   | <u>729,569</u>      |
| Cash Flows from Capital and Related Financing Activities:                               |                     |
| Purchase of Capital Assets, Net of Sales  | (80,149)            |
| Principal Paid on Capital Debt  | (265,000)           |
| Interest Paid on Capital Debt   | <u>(35,496)</u>     |
| Net Cash Used In Capital and Related Financing Activities                               | <u>(380,645)</u>    |
| Cash Flows from Investing Activities:   |                     |
| Use of Money and Property   | <u>93,879</u>       |
| Net Cash Provided By Investing Activities   | <u>93,879</u>       |
| Net Increase in Cash  | 442,803             |
| Cash at Beginning of Year   | <u>8,132,587</u>    |
| Cash at End of Year   | <u>\$ 8,575,390</u> |
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities:        |                     |
| Increase in Net Assets  | \$ 623,915          |
| Add: Non-Operating Cash Flows   |                     |
| Interest Expense  | 35,496              |
| Less: Non-Operating Cash Flows  |                     |
| Use of Money and Property   | <u>(93,879)</u>     |
| Operating Income  | 565,532             |
| Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities: |                     |
| Depreciation and Amortization   | 413,668             |
| Contributed Capital   | (67,486)            |
| Changes in Assets and Liabilities:  |                     |
| Receivables   | (14,789)            |
| Due from Other Governments  | (178,213)           |
| Inventories   | (1,319)             |
| Prepaid Expenses  | 31,599              |
| Accounts Payable and Accrued Expenses   | (6,273)             |
| Deferred Revenue  | <u>(13,150)</u>     |
| Net Cash Provided By Operating Activities   | <u>\$ 729,569</u>   |
| Supplemental Schedule of Noncash Transactions:  |                     |
| Contributed Infrastructure  | <u>\$ 67,486</u>    |

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

The Town of Wilton Water and Sewer Authority, (the "Authority") provides water supply and distribution and sewer services to customers in portions of the Town of Wilton (the "Town"). Additionally, the Authority is actively pursuing the acquisition of existing water systems to expand its existing distribution capabilities.

The Authority, a public benefit Corporation, was established in 1991 for the purpose of issuing revenue bonds to pay for the purchase, future improvement, and construction of the water and sewer system in the Town of Wilton, New York. Among its powers, the Authority may borrow money, issue debt, and require that the Board charge and collect sufficient rates to pay the costs of operating and financing the water and sewer system. The Authority consists of five members, who are appointed by the Town Board of Wilton. The Town of Wilton's accountability for the Authority does not extend beyond making the appointments.

*Basis of Accounting*

The accompanying financial statements of the Authority have been prepared on the accrual basis of accounting wherein revenue is recognized when earned and expense recognized when incurred. The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

*Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Authority considers certificates of deposit with maturities six months or less to be cash equivalents.

*Inventories*

Inventories are stated at the lower of cost (first-in, first-out method) or market.

*Utility Plant in Service*

Utility plant in service, acquired through either purchase or construction, is stated at cost. Donated water and sewer infrastructure is valued at its estimated fair value at the date donated. Depreciation is computed using the straight-line method based upon estimated depreciable lives as follows:

| <u>Classification of Assets</u>      | <u>Years</u> |
|--------------------------------------|--------------|
| Water supply systems                 | 50           |
| Water and sewer distribution systems | 50           |
| Equipment, furniture and fixtures    | 5-10         |
| Soft costs                           | 5            |

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

*Utility Plant in Service (Continued)*

Maintenance and repairs are charged to current operations. Major replacements and improvements are capitalized as utility plant.

*Income Taxes*

The Authority is a municipal entity, which, under federal and state law, is not subject to any income taxes at the federal, state and local levels.

*Contributed Capital*

Contributed capital is recorded at the estimated fair value of the donated water and sewer infrastructure at the date donated. Depreciation on contributed fixed assets is allocated to contributed capital using the straight-line method over 50 years.

*Other Postemployment Benefits*

The Authority does not provide postemployment benefits.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

**2. CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK**

The Authority's written investment policy was adopted by the Authority's Board and is governed by State statutes. Authority monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Authorized investments include demand accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America, obligations of the State of New York, local municipalities, school districts or district corporations, public authorities and certificates of participation. Collateral is required for demand accounts and certificate of deposits at 100 percent of all deposits not covered by federal deposit insurance.

The carrying amount of checking and time deposits at December 31, 2013 totaled \$8,575,390, with corresponding bank balances of \$8,572,094 which were covered by Federal depository insurance or by collateral held by the Authorities agent in the Authorities name.

**3. RESTRICTED ASSETS AND RESTRICTED NET ASSETS**

Restricted assets consist of cash, certificates of deposit and related accrued interest for the following purposes:

|                                  |                         |
|----------------------------------|-------------------------|
| Replacement Reserve - Water Fund | \$ 2,973,536            |
| Replacement Reserve - Sewer Fund | 1,438,741               |
| Capital Reserve - Sewer Fund     | <u>947,932</u>          |
| <br>Total Restricted             | <br><u>\$ 5,360,209</u> |

**4. UTILITY PLANT IN SERVICE**

Utility plant in service is comprised of the following:

|   | <u>Water<br/>Fund</u> | <u>Sewer<br/>Fund</u> | <u>Capital<br/>Projects</u> | <u>Total</u>        |
|---|-----------------------|-----------------------|-----------------------------|---------------------|
| Water and sewer supply, distribution and collection systems | \$ 8,578,696          | \$ 373,928            | \$ -                        | \$ 8,952,624        |
| Donated infrastructure                                      | 3,064,118             | 6,536,532             | -                           | 9,600,650           |
| Equipment, furniture and fixtures                           | 466,078               | 40,428                | -                           | 506,506             |
| Construction in progress                                    | <u>-</u>              | <u>-</u>              | <u>49,960</u>               | <u>49,960</u>       |
|   | 12,108,892            | 6,950,888             | 49,960                      | 19,109,740          |
| Less: accumulated depreciation                              | <u>(3,895,404)</u>    | <u>(1,984,794)</u>    | <u>-</u>                    | <u>(5,880,198)</u>  |
|   | <u>\$ 8,213,488</u>   | <u>\$ 4,966,094</u>   | <u>\$ 49,960</u>            | <u>\$13,229,542</u> |

The purchase price of the original system and all related equipment, furniture and fixtures have been accounted for in the water supply, distribution, and collection systems category. Utility plant additions incurred subsequent to the original purchase of the system are classified by asset category.

Depreciation and amortization was \$413,668 for the year ended December 31, 2013.

**5. BONDS PAYABLE**

In 2006, the Authority issued \$2,500,000 in revenue bonds for the construction of the Jones Road Water Plant, with interest at 3.65%.

The bonds are due as follows:

| <u>Year</u> | <u>Principal<br/>Payable</u> | <u>Interest</u>  | <u>Total</u>      |
|-------------|------------------------------|------------------|-------------------|
| 2014        | \$ 270,000                   | \$ 25,732        | \$ 295,732        |
| 2015        | 280,000                      | 15,695           | 295,695           |
| 2016        | <u>290,000</u>               | <u>5,293</u>     | <u>295,293</u>    |
|             | <u>\$ 840,000</u>            | <u>\$ 46,720</u> | <u>\$ 886,720</u> |

Interest expense was \$30,660 for the year ended December 31, 2013.

**6. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflows of resources is removed and revenue is recognized. Deferred inflows of resources amounted to \$46,400 at December 31, 2013.

**7. PENSION PLAN**

Pension Description

The Authority participates in the New York State and Local Employees' Retirement System (ERS), 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 System, Gov. Alfred E. Smith State Office Building, 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 service credit and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their salary for their entire length of service. 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 Authority is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were \$38,566 for 2013, \$31,832 for 2012 and \$25,197 for 2011. The Authority's contribution made to the System was equal to 100% of the contribution required for the year.

**8. INTERFUND TRANSACTIONS**

During the course of normal operations, the Authority has transactions between funds including expenditures and transfers. These transactions are recorded as interfund revenues, interfund transfers and expenditures in the respective funds.

**8. INTERFUND TRANSACTIONS (CONTINUED)**

Individual interfund receivable and payable balances at December 31, 2013 arising from these transactions were as follows:

|                  | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|------------------|---------------------------------|------------------------------|
| Water Fund       | \$ 544                          | \$ 201,257                   |
| Sewer Fund       | 196,528                         | -                            |
| Capital Projects | <u>5,804</u>                    | <u>1,619</u>                 |
|                  | <u>\$ 202,876</u>               | <u>\$ 202,876</u>            |

**9. VACATION, PERSONAL AND SICK LEAVE**

Permanent employees are granted vacation, personal and sick leave in varying amounts. A maximum of five days of unused vacation may be carried over to a subsequent year. Sick leave may be accumulated to 1,050 hours, however, sick leave is not a vested benefit and is not payable to the employee at termination. No provision has been made in the financial statements for any accumulated leave as of December 31, 2013 because it is considered immaterial by management.

**10. LEASE PAYMENTS**

The Authority has entered into a lease agreement with the Town of Wilton whereby the Authority has agreed to pay \$6,700 in 2013 with a 3% compounded increase each year beginning in January 2013 with no set expiration date. Rent expense of \$6,700 has been recognized in the year ended December 31, 2013.

**11. SUBSEQUENT EVENT**

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 10, 2014, the date the financial statements were available to be issued.

In January 2014, a Capital Project for ground water exploration and easement acquisition on the east side of the Northway was established with an initial budget of \$895,000.

**REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF WILTON WATER AND SEWER AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

|                                   | <u>Original<br/>Budget</u> | <u>Modified<br/>Budget</u> | <u>Actual</u>       | <u>Favorable<br/>(Unfavorable)<br/>Variance</u> |
|-----------------------------------|----------------------------|----------------------------|---------------------|---|
| Operating Revenue                 |                            |                            |                     |   |
| Water Rent Revenue                | \$ 1,131,029               | \$ 1,131,029               | \$ 1,081,414        | \$ (49,615)                                     |
| Sewer Rent Revenue                | 251,255                    | 251,255                    | 258,586             | 7,331   |
| Use of Money                      | 72,800                     | 72,800                     | 43,328              | (29,472)  |
| Use of Property                   | 51,303                     | 51,303                     | 50,551              | (752)   |
| Developer Fee Revenue             | 135,950                    | 135,950                    | 451,950             | 316,000   |
| Contributed Capital               | -                          | -                          | 67,486              | 67,486  |
| Sale of Meters                    | 5,000                      | 5,000                      | 9,736               | 4,736   |
| Miscellaneous Revenue             | <u>-</u>                   | <u>-</u>                   | <u>1,699</u>        | <u>1,699</u>                                    |
| Total Operating Revenue           | <u>1,647,337</u>           | <u>1,647,337</u>           | <u>1,964,750</u>    | <u>317,413</u>                                  |
| Operating Expense                 |                            |                            |                     |   |
| Salaries                          | 194,853                    | 196,853                    | 195,558             | 1,295   |
| Employee Benefits                 | 86,863                     | 87,053                     | 86,481              | 572   |
| Contractual Services              | 640,770                    | 742,320                    | 614,468             | 127,852   |
| Depreciation and Amortization *   | -                          | -                          | -                   | -   |
| Interest Expense                  | 35,497                     | 35,497                     | 30,660              | 4,837   |
| Contingency                       | <u>103,645</u>             | <u>35,689</u>              | <u>-</u>            | <u>35,689</u>                                   |
| Total Operating Expenses          | <u>1,061,628</u>           | <u>1,097,412</u>           | <u>927,167</u>      | <u>170,245</u>                                  |
| Increase (Decrease) in Net Assets | 585,709                    | 549,925                    | <u>\$ 1,037,583</u> | <u>\$ 487,658</u>                               |
| Capital and Replacement           |                            |                            |                     |   |
| Reserve Funding                   | (409,209)                  | (409,209)                  |                     |   |
| Bond Principal Payment            | (265,000)                  | (265,000)                  |                     |   |
| Capital Asset Acquisition         | <u>(36,200)</u>            | <u>(40,416)</u>            |                     |   |
| Change in Net Assets              | <u>\$ (124,700)</u>        | <u>\$ (164,700)</u>        |                     |   |

\* Actual depreciation and amortization of \$413,668 has been adjusted to zero to agree to the budgetary basis of accounting.