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AMERICAN INSTITUTE OF
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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

June 5, 2016

To the Board Members of the
Town of Wilton Water and Sewer Authority

We have audited the financial statements of the business-type activities of the Town of Wilton Water and Sewer Authority for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 1, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Wilton Water and Sewer Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were three estimates relating to donated infrastructure totaling \$105,000 during 2015.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were three uncorrected misstatements to the financial statements. The first was an unrecorded net pension liability in the amount of \$28,268; the second was an unrecorded deferred outflow of resources related to pensions in the amount of \$39,788; and the last was an unrecorded deferred inflow of resources related to pensions in the amount of \$1,327. The net effect on bottom line totaled \$12,847. Management has determined that the effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 5, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Statement of Revenues and Expenses - Budget and Actual, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

CURRENT YEAR RECOMMENDATIONS

2015-01: Lack of review of monthly bank reconciliations and statements

During our review of internal controls for the cash disbursement process we noted the bank reconciliations are not consistently reviewed by management.

We recommend the Comptroller review the bank reconciliations, along with the bank statements. We additionally recommend initialing and dating both the bank reconciliation and the bank statements, thereby indicating a proper review has been performed.

Note: This process has been implemented by the Comptroller in 2016.

This information is intended solely for the use of the Board of Directors and management of the Town of Wilton Water and Sewer Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

CUSACK & COMPANY CPA'S, LLC

**TOWN OF WILTON
WATER AND SEWER AUTHORITY**

**FINANCIAL STATEMENTS
DECEMBER 31, 2015**

TOWN OF WILTON WATER AND SEWER AUTHORITY

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DECEMBER 31, 2015

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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 nor exerts any control over the Authority.

The Authority has a customer base of 3,214 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.

In March 2007, the Authority entered into a contract with the Saratoga County Water Authority to buy 300,000 gallons of water per day at a current price of \$2.176 per 1,000 gallons. The contract allows for price increases of up to 1.5% per year.

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, 2015 was \$22,926,648; this was an increase of \$766,206 from 2014. Net assets at December 31, 2015 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$7,070,912 and this is included in the "Invested in Capital Assets, Net of Related Debt" line item on the Statement of Net Assets. Net Assets also includes infrastructure replacement and capital improvement reserves totaling \$6,118,966.

TOWN OF WILTON WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2015

Analysis of Authority's Financial Position (Continued)

Total assets at December 31, 2015 were \$23,335,601; this is an increase of \$478,583 from 2014.

Total assets include capital assets as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase</u>
Capital Assets at historical cost	\$ 20,812,821	\$ 20,182,222	\$ 630,599
Accumulated Depreciation	<u>(6,653,624)</u>	<u>(6,276,986)</u>	<u>376,638</u>
Net Capital Assets	<u>\$ 14,159,197</u>	<u>\$ 13,905,236</u>	<u>\$ 253,961</u>

In 2015, water and sewer lines and pump stations contributed by developers amounted to \$105,000.

Liabilities and deferred inflows of resources at December 31, 2015 totaled \$408,953; this was a decrease of \$287,623 from 2014. Included in total liabilities are revenue bonds payable of \$290,000; 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 \$2,136,215 for the year ended December 31, 2015; an increase of \$1,170 from 2014. Included in operating revenues is as follows:

	<u>2015</u>	<u>2014</u>
Water Revenues:		
Metered Water Rents	\$ 1,225,224	\$ 1,103,387
Unmetered Water Rents	3,271	3,271
Buy in Fees	219,950	180,787
Interest and Penalties	16,552	14,368
Use of Money	8,547	23,087
Use of Property	79,662	75,291
Developer Fee Revenue	16,590	17,135
Donated Infrastructure	60,000	327,938
Sale of Meters	10,036	8,570
Gain on Sale of Equipment	10,290	-
Broken Meter Settlement	28,362	-
Miscellaneous	<u>1,139</u>	<u>12,676</u>
Total Water Revenue	<u>1,679,623</u>	<u>1,766,510</u>
Sewer Revenues:		
Sewer Rent Revenue	269,048	260,924
Use of Money	3,634	8,651
Donated Infrastructure	45,000	35,760
Developer Fee Revenue	<u>138,910</u>	<u>63,200</u>
Total Sewer Revenue	<u>456,592</u>	<u>368,535</u>
Total Operating Revenue	<u>\$ 2,136,215</u>	<u>\$ 2,135,045</u>

Analysis of Authority's Financial Position (Continued)

Operating expenses increased \$2,429 from 2014 to a total of \$1,342,073 for the year ended December 31, 2015. Included in operating expenses is as follows:

	<u>2015</u>	<u>2014</u>
Salaries	\$ 208,126	\$ 200,069
Employee Benefits	83,737	84,904
Contractual Services	631,004	637,078
Depreciation	408,621	396,788
Interest Expense	10,585	20,805
Total Water and Sewer Expenses	<u>\$ 1,342,073</u>	<u>\$ 1,339,644</u>

Analysis of Capital Projects

During 2015, there were two active Capital Projects. The first was for upgrade of the Indian Springs Sewer Pump station. In 2014 and 2015, a total of \$250,483 was expended from a budget of \$335,146. The project was completed and capitalized in July 2015. The second project was to install internet meter reading equipment, of which \$302,091 was expended in 2015. This project will permit meter reads to be done over the internet from the meter to the office thereby eliminating time consuming manual reads. The total budget approved is \$366,135.

Prior Period Adjustments

There were two Prior Adjustments for the correction of the following errors:

- 1) Capital Improvement Fees were erroneously collected for the Mill subdivision in 2014. These fees of \$7,200 were returned to the developer.
- 2) Donated Infrastructure was erroneously recorded in 2013 for Sewer lines in the Floral Estate Subdivision. This asset, net of its associated depreciation of \$20,736, was removed in 2015.

Future Prospects for the Authority's Finances

Based on a report from the engineers for the Authority, metered consumption figures for 2015 demonstrate that service connections during 2015 averaged less than 278 gallons per day. Based upon these consumption figures, it appears that the existing source capacity of the Authority can sustain a total of 12,545 equivalent single family connections. Currently there are 3,238 equivalent single family units connected and there are approximately 455 approved vacant lots (or equivalent residential connections) for which the Authority is committed to provide service.

The Authority has been averaging more than 25 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.

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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, 2015, 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 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 Town of Wilton Water and Sewer Authority as of December 31, 2015, and the changes in financial position and 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 1 through 4 and page 16, 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 5, 2016

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2015

<u>Assets</u>					
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 2,604,865	\$ 18,000	\$ 1,056	\$ -	\$ 2,623,921
Restricted Cash	3,564,557	2,554,409	-	-	6,118,966
Accounts Receivable	326,769	69,231	-	-	396,000
Inventory	17,975	1,978	-	-	19,953
Prepaid Expenses	17,564	-	-	-	17,564
Due from Other Funds	1,080	245,483	-	(246,563)	-
Utility Plant in Service, Net	<u>8,878,457</u>	<u>4,978,649</u>	<u>302,091</u>	<u>-</u>	<u>14,159,197</u>
Total Assets	<u>\$ 15,411,267</u>	<u>\$ 7,867,750</u>	<u>\$ 303,147</u>	<u>\$ (246,563)</u>	<u>\$ 23,335,601</u>
<u>Liabilities, Deferred Inflows of Resources and Net Assets</u>					
Accounts Payable and Accrued Expenses	\$ 84,180	\$ 25,523	\$ -	\$ -	\$ 109,703
Bonds Payable	290,000	-	-	-	290,000
Due to Other Funds	<u>245,507</u>	<u>-</u>	<u>1,056</u>	<u>(246,563)</u>	<u>-</u>
Total Liabilities	<u>619,687</u>	<u>25,523</u>	<u>1,056</u>	<u>(246,563)</u>	<u>399,703</u>
Deferred Inflows of Resources	<u>9,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,250</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	8,588,457	4,978,649	302,091	-	13,869,197
Replacement Reserve	3,564,557	1,662,079	-	-	5,226,636
Capital Reserve	-	892,330	-	-	892,330
Unrestricted	<u>2,629,316</u>	<u>309,169</u>	<u>-</u>	<u>-</u>	<u>2,938,485</u>
Total Net Assets	<u>14,782,330</u>	<u>7,842,227</u>	<u>302,091</u>	<u>-</u>	<u>22,926,648</u>
Total Liabilities, Deferred Inflows of Resources and Net Assets	<u>\$ 15,411,267</u>	<u>\$ 7,867,750</u>	<u>\$ 303,147</u>	<u>\$ (246,563)</u>	<u>\$ 23,335,601</u>

See accompanying notes and independent auditor's report.

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenue				
Water Rent Revenue	\$ 1,245,047	\$ -	\$ -	\$ 1,245,047
Sewer Rent Revenue	-	269,048	-	269,048
Use of Money	8,547	3,634	-	12,181
Use of Property	79,662	-	-	79,662
Developer Fee Revenue	236,540	138,910	-	375,450
Donated Infrastructure	60,000	45,000	-	105,000
Sale of Meters	10,036	-	-	10,036
Gain on Sale of Equipment	10,290	-	-	10,290
Miscellaneous Revenue	29,501	-	-	29,501
	<u>1,679,623</u>	<u>456,592</u>	<u>-</u>	<u>2,136,215</u>
Total Operating Revenue				
Operating Expense				
Salaries	188,331	19,795	-	208,126
Employee Benefits	73,641	10,096	-	83,737
Contractual Services	525,781	105,223	-	631,004
Depreciation	258,331	150,290	-	408,621
Interest Expense	10,585	-	-	10,585
	<u>1,056,669</u>	<u>285,404</u>	<u>-</u>	<u>1,342,073</u>
Total Operating Expenses				
Operating Transfers In (Out), Net	<u>(302,091)</u>	<u>12,218</u>	<u>289,873</u>	<u>-</u>
Increase in Net Assets	320,863	183,406	289,873	794,142
Net Assets, Beginning of Year, as Restated	<u>14,461,467</u>	<u>7,658,821</u>	<u>12,218</u>	<u>22,132,506</u>
Net Assets, End of Year	<u>\$ 14,782,330</u>	<u>\$ 7,842,227</u>	<u>\$ 302,091</u>	<u>\$ 22,926,648</u>

See accompanying notes and independent auditor's report.

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 1,892,826
Cash Paid to Employees, Contractors and Suppliers	<u>(935,417)</u>
Net Cash Provided By Operating Activities	<u>957,409</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(578,318)
Proceeds from Sale of Equipment	10,590
Principal Paid on Capital Debt	(280,000)
Interest Paid on Capital Debt	<u>(10,585)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(858,313)</u>
Cash Flows from Investing Activities:	
Use of Money and Property	<u>91,843</u>
Net Increase in Cash	190,939
Cash and Restricted Cash, Beginning of Year	<u>8,551,948</u>
Cash and Restricted Cash, End of Year	<u>\$ 8,742,887</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Increase in Net Assets	\$ 794,142
Add: Non-Operating Cash Flows	
Interest Expense	10,585
Less: Non-Operating Cash Flows	
Use of Money and Property	<u>(91,843)</u>
Operating Income	712,884
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	408,621
Gain on Sale of Equipment	(10,590)
Donated Infrastructure	(105,000)
Changes in Assets and Liabilities:	
Receivables	(35,956)
Inventories	(4,915)
Prepaid Expenses	(12)
Accounts Payable and Accrued Expenses	<u>(7,623)</u>
Net Cash Provided By Operating Activities	<u>\$ 957,409</u>
Supplemental Schedule of Noncash Transactions:	
Donated Infrastructure	<u>\$ 105,000</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 expenses recognized when incurred. The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**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.

Other Postemployment Benefits

The Authority does not provide postemployment benefits.

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.

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, 2015 totaled \$8,742,887, with corresponding bank balances of \$8,773,100 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	\$ 3,564,557
Replacement Reserve - Sewer Fund	1,662,079
Capital Reserve - Sewer Fund	<u>892,330</u>
Total	<u>\$ 6,118,966</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

4. UTILITY PLANT IN SERVICE

Utility plant in service is comprised of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Water and sewer supply, distribution and collection systems	\$ 9,320,573	\$ 624,410	\$ -	\$ 9,944,983
Donated infrastructure	3,452,055	6,595,693	-	10,047,748
Equipment, furniture and fixtures	477,570	40,429	-	517,999
Construction in progress	-	-	302,091	302,091
	<u>13,250,198</u>	<u>7,260,532</u>	<u>302,091</u>	<u>20,812,821</u>
Less: accumulated depreciation	<u>(4,371,741)</u>	<u>(2,281,883)</u>	<u>-</u>	<u>(6,653,624)</u>
	<u>\$ 8,878,457</u>	<u>\$ 4,978,649</u>	<u>\$ 302,091</u>	<u>\$ 14,159,197</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 was \$408,621 for the year ended December 31, 2015.

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 Payable</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$ 290,000</u>	<u>\$ 5,293</u>	<u>\$ 295,293</u>

Interest expense was \$10,585 for the year ended December 31, 2015.

6. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources arise 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 \$9,250 at December 31, 2015.

7. PENSION PLAN

Pension Description

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides 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 System and for the custody and control of their funds. 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, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

The System is noncontributory except for employees who joined the ERS 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 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 \$33,973 for 2015, \$39,283 for 2014 and \$38,566 for 2013. The Authority's contribution made to the System was equal to 100% of the contribution required for the year.

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

At December 31, 2015, the Authority's liability for ERS was \$28,268 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 Authority's proportion of the net pension liability was based on a projection of the Authority'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 Authority's proportion was 0.000837% for ERS.

At December 31, 2015, the Authority's total deferred outflows of resources was \$39,788 and the Authority's total deferred inflows of resources was \$1,327.

At December 31, 2015, no amounts were reported on these financial statements for pension liabilities and deferred inflows and outflows of resources related to pensions as these amounts were not deemed material.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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.

Individual interfund receivable and payable balances at December 31, 2015 arising from these transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Water Fund	\$ 1,080	\$ 245,507
Sewer Fund	245,483	-
Capital Projects	-	1,056
	<u>\$ 246,563</u>	<u>\$ 246,563</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, 2015 because it is considered immaterial.

10. LEASE PAYMENTS

The Authority has entered into a lease agreement with the Town of Wilton whereby the Authority has agreed to pay \$6,360 in 2011 with a 3% compounded increase each year beginning in January 2012 with no set expiration date. Rent expense of \$7,108 has been recognized for the year ended December 31, 2015.

11. SUBSEQUENT EVENT

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 5, 2016, the date the financial statements were available to be issued. No material events or transactions were identified.

12. RESTATEMENT OF UNRESTRICTED NET ASSETS - SEWER FUND

The Authority's net assets as of January 1, 2014 have been restated to correct the financial statements for the following activity:

Sewer Fund Net Assets as of January 1, 2014, as Originally Reported	\$ 7,686,757
Floral Estates Fixed Asset Correction	(20,736)
Return of Developer Fees Related to the Mill	(7,200)
Sewer Fund Net Assets as of January 1, 2014, as Restated	<u>\$ 7,658,821</u>

13. RELATED PARTY TRANSACTIONS

As in prior years, the son of the Comptroller, who was appointed to the Authority Board by the Wilton Town Board, served as Chairman of the Authority.

During 2015, the daughter of the Comptroller was hired by the Director of the Authority to fill a vacant clerk position.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenue				
Water Rent Revenue	\$ 1,113,966	\$ 1,113,966	\$ 1,245,047	\$ 131,081
Sewer Rent Revenue	264,860	264,860	269,048	4,188
Use of Money	20,970	20,970	12,181	(8,789)
Use of Property	78,309	78,309	79,662	1,353
Developer Fee Revenue	136,030	136,110	375,450	239,340
Donated Infrastructure	-	-	105,000	105,000
Sale of Meters	6,250	11,250	10,036	(1,214)
Gain on Sale of Equipment	-	-	10,290	10,290
Miscellaneous Revenue	<u>13,500</u>	<u>13,500</u>	<u>29,501</u>	<u>16,001</u>
Total Operating Revenue	<u>1,633,885</u>	<u>1,638,965</u>	<u>2,136,215</u>	<u>497,250</u>
Operating Expense				
Salaries	205,037	209,679	208,126	1,553
Employee Benefits	93,631	92,364	83,737	8,627
Contractual Services	721,470	765,460	631,004	134,456
Depreciation *	-	-	-	-
Interest Expense	10,585	10,585	10,585	-
Contingency	<u>43,449</u>	<u>1,026</u>	<u>-</u>	<u>1,026</u>
Total Operating Expenses	<u>1,074,172</u>	<u>1,079,114</u>	<u>933,452</u>	<u>145,662</u>
Increase in Net Assets	559,713	559,851	<u>\$ 1,202,763</u>	<u>\$ 642,912</u>
Capital and Replacement				
Reserve Funding	438,281	438,281		
Bond Principal Payment	280,000	280,000		
Capital Asset Acquisition	<u>49,000</u>	<u>49,000</u>		
Change in Net Assets	<u>\$ (207,568)</u>	<u>\$ (207,430)</u>		

* Actual depreciation of \$408,621 has been adjusted to zero to agree to the budgetary basis of accounting.

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June 13, 2016

To the Trustees and Participants
The Town of Wilton Water and Sewer Authority

We have performed the procedures enumerated below, which were agreed to by The Town of Wilton Water and Sewer Authority solely to conduct a review of the Deferred Compensation Plan for Employees of the Town of Wilton Water and Sewer Authority (the plan) activities during the plan year ended December 31, 2015. Plan management is responsible for the preparation and fair presentation of the financial statements, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the net assets available for benefit of the plan. This agreed-upon procedures engagement was conducted in accordance with standards established by the New York State Deferred Compensation Board. The sufficiency of these procedures is solely the responsibility of the Town of Wilton Water and Sewer Authority. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

Procedure 1:

Determine that participant account balances, by investment option and in the aggregate as of the plan-year end, as reported by the administrative service agency for the plan, agree to the value of the assets held by the trustee of the plan by investment option and in the aggregate as of plan-year end.

Findings:

Procedure 1 performed without exception.

Procedure 2:

Determine that participant deferrals reported by the plan sponsor, by individual participant and in the aggregate, for the plan year agree with the deferrals received by the trustee of the plan for the plan year.

Findings:

Procedure 2 performed without exception.

Procedure 3:

Determine that participant deferrals for the plan year were properly authorized and accurately remitted to the trustee of the plan in accordance with the timing and other requirements of the plan document (or industry practice if no direction is provided in the plan document).

Findings:

Procedure 3 performed without exception.

Procedure 4:

Determine that the plan properly and separately accounted for pre-tax and, if applicable, designated Roth contributions deferred or contributed for the plan year.

Findings:

Procedure 4 performed without exception.

Procedure 5:

Determine that maximum contribution limitations and minimum required distribution requirements were properly implemented for the plan year.

Findings:

Procedure 5 performed without exception.

Procedure 6:

Determine that participant requests for lump sum and installment benefit distributions for the plan year were properly authorized and processed in accordance with the plan document and contractual provisions (or industry practice, if no direction is provided in the plan document or applicable contracts).

Findings:

Procedure 6 performed without exception.

Procedure 7:

Determine that participant requests for unforeseeable emergency withdrawals during the plan year were processed according to written procedures, properly authorized and properly documented.

Findings:

Procedure 7 performed without exception.

Procedure 8:

Determine that participant requests for plan loans during the plan year were processed according to written procedures and were properly authorized and documented.

Findings:

Procedure 8 performed without exception.

Procedure 9:

Determine that participant requests for deferral amount changes and asset allocation changes for the plan year were processed accurately and in a timely manner in accordance with the plan document and applicable contract provisions (or industry practice, if no direction is provided in the plan document or applicable contracts).

Findings:

Procedure 9 performed without exception.

Procedure 10:

Determine that all plan-level and participant-level fees for the plan year were disclosed to participants, were allocated in accordance with written procedures and on a uniform basis and were assessed solely to support operations of the plan.

Findings:

Procedure 10 performed without exception.

Procedure 11:

Determine that, for the plan year, employees who were eligible during that plan year to elect to participate in the plan were provided with written notification of the plan and enrollment opportunities.

Findings:

Procedure 11 performed without exception.

We were not engaged to, and did not, conduct an audit or examination, the objective of which would be the expression of an opinion, on the accounting records and the content of the Deferred Compensation Plan for Employees of Town of Wilton Water and Sewer Authority. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Wilton Water and Sewer Authority and trustees and participants of the Deferred Compensation Plan for Employees of Town of Wilton Water and Sewer Authority and is not intended to be and should not be used by anyone other than the specified parties.



CUSACK & COMPANY CPA'S, LLC

***DEFERRED COMPENSATION PLAN
FOR EMPLOYEES OF THE
TOWN OF WILTON WATER AND SEWER AUTHORITY***

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

DEFERRED COMPENSATION PLAN
FOR EMPLOYEES OF THE TOWN OF WILTON WATER AND SEWER AUTHORITY

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Trustees and Participants
The Town of Wilton Water and Sewer Authority

Management is responsible for the accompanying financial statements of the Deferred Compensation Plan for Employees of the Town of Wilton Water and Sewer Authority, which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Plan's financial position, changes in its net assets, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 13, 2016

DEFERRED COMPENSATION PLAN
FOR EMPLOYEES OF THE TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Investments, at Fair Value:		
Fixed Investment Options	\$ 167,441	\$ 151,983
Variable Investment Options	<u>13,353</u>	<u>11,926</u>
 Total Investments and Net Assets Available for Benefits	 <u>\$ 180,794</u>	 <u>\$ 163,909</u>

DEFERRED COMPENSATION PLAN
FOR EMPLOYEES OF THE TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Additions</u>		
Additions to net assets attributed to:		
Investment income:		
Net investment income (gain/loss/interest)	\$ 5,605	\$ 5,294
Contributions:		
Participants	<u>11,280</u>	<u>13,819</u>
Total additions	16,885	19,113
<u>Deductions</u>		
Deductions from net assets attributed to:		
Benefits paid to participants	<u>-</u>	<u>18,286</u>
Net increase in net assets available for benefits	16,885	827
Net assets available for benefits, beginning of year	<u>163,909</u>	<u>163,082</u>
Net assets available for benefits, end of year	<u>\$ 180,794</u>	<u>\$ 163,909</u>