

TOWN OF WILTON
WATER AND SEWER AUTHORITY

FINANCIAL STATEMENTS
DECEMBER 31, 2016

TOWN OF WILTON WATER AND SEWER AUTHORITY

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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 3,286 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 \$2.209 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, 2016 was \$23,742,637; this was an increase of \$815,989 from 2015. Net assets at December 31, 2016 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$6,950,695 and this is included in the "Invested in Capital Assets, Net of Related Debt" line item in the Statement of Net Assets. Net Assets also includes infrastructure replacement and capital improvement reserves totaling \$6,596,801.

TOWN OF WILTON WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2016

Analysis of Authority's Financial Position (Continued)

Total assets at December 31, 2016 were \$23,879,562; this is an increase of \$543,961 from 2015.

Total assets include capital assets as follows:

	<u>2016</u>	<u>2015</u>	<u>Increase</u>
Capital Assets at historical cost	\$ 21,005,015	\$ 20,812,821	\$ 192,194
Accumulated Depreciation	<u>(7,092,496)</u>	<u>(6,653,624)</u>	<u>(438,872)</u>
Net Capital Assets	<u>\$ 13,912,519</u>	<u>\$ 14,159,197</u>	<u>\$ (246,678)</u>

In 2016, water and sewer lines and pump stations contributed by developers amounted to \$91,000.

Liabilities and deferred inflows of resources at December 31, 2016 totaled \$136,925; this was a decrease of \$272,028 from 2015.

On the Statement of Revenues, Expenses and Changes in Net Assets, operating revenue totaled \$2,321,783 for the year ended December 31, 2016; an increase of \$185,568 from 2015. Included in operating revenues is as follows:

	<u>2016</u>	<u>2015</u>
Water Revenues:		
Metered Water Rents	\$ 1,301,440	\$ 1,225,224
Unmetered Water Rents	3,271	3,271
Buy in Fees	380,600	219,950
Interest and Penalties	16,264	16,552
Use of Money	9,395	8,547
Use of Property	82,051	79,662
Developer Fee Revenue	31,375	16,590
Donated Infrastructure	91,000	60,000
Sale of Meters	23,118	10,036
Gain on Sale of Equipment	-	10,290
Broken Meter Settlement	-	28,362
Miscellaneous	1,514	1,139
Total Water Revenue	<u>1,940,028</u>	<u>1,679,623</u>
Sewer Revenues:		
Sewer Rent Revenue	283,026	269,048
Use of Money	3,549	3,634
Donated Infrastructure	-	45,000
Developer Fee Revenue	95,180	138,910
Total Sewer Revenue	<u>381,755</u>	<u>456,592</u>
Total Operating Revenue	<u>\$ 2,321,783</u>	<u>\$ 2,136,215</u>

Analysis of Authority's Financial Position (Continued)

Operating expenses increased \$163,721 from 2015 to a total of \$1,505,794 for the year ended December 31, 2016. Included in operating expenses is as follows:

	<u>2016</u>	<u>2015</u>
Salaries	\$ 209,472	\$ 208,126
Employee Benefits	82,910	83,737
Contractual Services	774,540	631,004
Depreciation	438,872	408,621
Interest Expense	-	10,585
Total Water and Sewer Expenses	<u>\$ 1,505,794</u>	<u>\$ 1,342,073</u>

Analysis of Capital Projects

During 2016, there were two active Capital Projects. The first project was to install internet meter reading equipment. \$302,091 was expended in 2015 and capitalized in 2016 when the project was closed. This project is for the installation of an internet meter reading system that will permit meter reads to be done over the internet from the meter to the office thereby eliminating time consuming manual reads. The second project was approved at an initial budget of \$10,000 for engineering to determine the total estimated project cost for a partial rebuild of the Furlong Hills sewer pump station. Based on the engineer's estimate, a budget amendment in 2017 brought this estimated project cost to \$680,800. At December 31, 2016, \$1,614 had been expended.

Future Prospects for the Authority's Finances

Based on a report from the engineers for the Authority, metered consumption figures for 2016 demonstrate that service connections during 2016 averaged less than 250 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 3,555 equivalent single family units connected and there are approximately 317 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, 2016, 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, 2016, 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 3 and page 14, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting 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 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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 5, 2017

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF NET ASSETS

DECEMBER 31, 2016

Assets

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 2,938,636	\$ -	\$ 1,055	\$ -	\$ 2,939,691
Restricted Cash	3,912,944	2,683,857	-	-	6,596,801
Accounts Receivable	320,533	71,454	-	-	391,987
Inventory	19,552	1,858	-	-	21,410
Prepaid Expenses	17,154	-	-	-	17,154
Due from Other Funds	1,155	371,833	1,714	(374,702)	-
Utility Plant in Service, Net	<u>9,084,162</u>	<u>4,826,743</u>	<u>1,614</u>	<u>-</u>	<u>13,912,519</u>
 Total Assets	 <u>\$ 16,294,136</u>	 <u>\$ 7,955,745</u>	 <u>\$ 4,383</u>	 <u>\$ (374,702)</u>	 <u>\$ 23,879,562</u>

Liabilities, Deferred Inflows of Resources and Net Assets

Accounts Payable and Accrued Expenses	\$ 123,340	\$ 8,271	\$ 1,614	\$ -	\$ 133,225
Due to Other Funds	<u>371,933</u>	<u>1,614</u>	<u>1,155</u>	<u>(374,702)</u>	<u>-</u>
 Total Liabilities	 <u>495,273</u>	 <u>9,885</u>	 <u>2,769</u>	 <u>(374,702)</u>	 <u>133,225</u>
 Deferred Inflows of Resources	 <u>3,700</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>3,700</u>
 Net Assets					
Invested in Capital Assets, Net of Related Debt	9,084,162	4,826,743	1,614	-	13,912,519
Replacement Reserve	3,912,944	1,701,341	-	-	5,614,285
Capital Reserve	-	982,516	-	-	982,516
Unrestricted	<u>2,798,057</u>	<u>435,260</u>	<u>-</u>	<u>-</u>	<u>3,233,317</u>
 Total Net Assets	 <u>15,795,163</u>	 <u>7,945,860</u>	 <u>1,614</u>	 <u>-</u>	 <u>23,742,637</u>
 Total Liabilities, Deferred Inflows of Resources and Net Assets	 <u>\$ 16,294,136</u>	 <u>\$ 7,955,745</u>	 <u>\$ 4,383</u>	 <u>\$ (374,702)</u>	 <u>\$ 23,879,562</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenue				
Water Rent Revenue	\$ 1,320,975	\$ -	\$ -	\$ 1,320,975
Sewer Rent Revenue	-	283,026	-	283,026
Use of Money	9,395	3,549	-	12,944
Use of Property	82,051	-	-	82,051
Developer Fee Revenue	411,975	95,180	-	507,155
Donated Infrastructure	91,000	-	-	91,000
Sale of Meters	23,118	-	-	23,118
Miscellaneous Revenue	<u>1,514</u>	<u>-</u>	<u>-</u>	<u>1,514</u>
Total Operating Revenue	<u>1,940,028</u>	<u>381,755</u>	<u>-</u>	<u>2,321,783</u>
Operating Expense				
Salaries	188,634	20,838	-	209,472
Employee Benefits	72,807	10,103	-	82,910
Contractual Services	680,877	93,663	-	774,540
Depreciation	<u>286,968</u>	<u>151,904</u>	<u>-</u>	<u>438,872</u>
Total Operating Expenses	<u>1,229,286</u>	<u>276,508</u>	<u>-</u>	<u>1,505,794</u>
Operating Transfers In (Out), Net	<u>302,091</u>	<u>(1,614)</u>	<u>(300,477)</u>	<u>-</u>
Increase (Decrease) in Net Assets	1,012,833	103,633	(300,477)	815,989
Net Assets, Beginning of Year	<u>14,782,330</u>	<u>7,842,227</u>	<u>302,091</u>	<u>22,926,648</u>
Net Assets, End of Year	<u>\$ 15,795,163</u>	<u>\$ 7,945,860</u>	<u>\$ 1,614</u>	<u>\$ 23,742,637</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 2,134,251
Cash Paid to Employees, Contractors and Suppliers	<u>(1,044,447)</u>
Net Cash Provided By Operating Activities	<u>1,089,804</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(101,194)
Principal Paid on Capital Debt	<u>(290,000)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(391,194)</u>
Cash Flows from Investing Activities:	
Use of Money and Property	<u>94,995</u>
Net Increase in Cash	793,605
Cash and Restricted Cash, Beginning of Year	<u>8,742,887</u>
Cash and Restricted Cash, End of Year	<u>\$ 9,536,492</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Increase in Net Assets	\$ 815,989
Less: Non-Operating Cash Flows	
Use of Money and Property	<u>(94,995)</u>
Operating Income	<u>720,994</u>
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	438,872
Donated Infrastructure	(91,000)
Changes in Assets and Liabilities:	
Receivables	4,013
Inventories	(1,457)
Prepaid Expenses	410
Accounts Payable and Accrued Expenses	23,522
Deferred Inflows of Resources	<u>(5,550)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,089,804</u>
Supplemental Schedule of Noncash Transactions:	
Donated Infrastructure	<u>\$ 91,000</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016

**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, 2016 totaled \$9,536,492, with corresponding bank balances of \$9,541,411 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	\$ 3,912,944
Replacement Reserve - Sewer Fund	1,701,341
Capital Reserve - Sewer Fund	<u>982,516</u>
Total	<u>\$ 6,596,801</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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	3,543,055	6,595,693	-	10,138,748
Equipment, furniture and fixtures	879,243	40,427	-	919,670
Construction in progress	-	-	1,614	1,614
	<u>13,742,871</u>	<u>7,260,530</u>	<u>1,614</u>	<u>21,005,015</u>
Less: accumulated depreciation	<u>(4,658,709)</u>	<u>(2,433,787)</u>	<u>-</u>	<u>(7,092,496)</u>
	<u>\$ 9,084,162</u>	<u>\$ 4,826,743</u>	<u>\$ 1,614</u>	<u>\$13,912,519</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 \$438,872 for the year ended December 31, 2016.

5. 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 \$3,700 at December 31, 2016.

6. 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.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

6. PENSION PLAN (CONTINUED)

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 \$29,668 for 2016, \$33,973 for 2015 and \$39,283 for 2014. 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, 2016, the Authority's liability for ERS was \$125,591 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, 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, 2016, the Authority's proportion was 0.0007825% for ERS.

At December 31, 2016, the Authority's total deferred outflows of resources was \$130,885 and the Authority's total deferred inflows of resources was \$17,084.

At December 31, 2016, no amounts were reported on these financial statements for pension liabilities and deferred inflows and outflows of resources related to pensions as the net effect of these amounts were not deemed material.

7. 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, 2016 arising from these transactions were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Water Fund	\$ 302,091	\$ -	\$ 1,155	\$ 371,933
Sewer Fund	-	1,614	371,833	1,614
Capital Projects	-	300,477	1,714	1,155
	<u>\$ 302,091</u>	<u>\$ 302,091</u>	<u>\$ 374,702</u>	<u>\$ 374,702</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

8. VACATION, PERSONAL AND SICK LEAVE

Permanent employees are granted vacation, personal and sick leave in varying amounts. A maximum of ten 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, 2016 because it is considered immaterial.

9. 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 \$7,321 has been recognized for the year ended December 31, 2016.

10. SUBSEQUENT EVENT

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 5, 2017, the date the financial statements were available to be issued. In 2017, the Board approved a capital project for the partial rebuild of the Furlong Hill's sewer pump station in the amount of \$680,800.

11. 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 2016, the daughter of the Comptroller was employed as a clerk by the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenue				
Water Rent Revenue	\$ 1,278,966	\$ 1,278,966	\$ 1,320,975	\$ 42,009
Sewer Rent Revenue	267,164	267,164	283,026	15,862
Use of Money	12,131	12,131	12,944	813
Use of Property	81,440	81,440	82,051	611
Developer Fee Revenue	135,950	141,880	507,155	365,275
Donated Infrastructure	-	-	91,000	91,000
Sale of Meters	6,250	33,250	23,118	(10,132)
Miscellaneous Revenue	<u>-</u>	<u>-</u>	<u>1,514</u>	<u>1,514</u>
 Total Operating Revenue	 <u>1,781,901</u>	 <u>1,814,831</u>	 <u>2,321,783</u>	 <u>506,952</u>
Operating Expense				
Salaries	213,715	217,815	209,472	8,343
Employee Benefits	88,335	88,585	82,910	5,675
Contractual Services	728,416	906,167	774,540	131,627
Depreciation *	-	-	-	-
Interest Expense	5,293	5,293	-	5,293
Contingency	<u>160,407</u>	<u>103,520</u>	<u>-</u>	<u>103,520</u>
 Total Operating Expenses	 <u>1,196,166</u>	 <u>1,321,380</u>	 <u>1,066,922</u>	 <u>254,458</u>
 Increase in Net Assets	 585,735	 493,451	 <u>\$ 1,254,861</u>	 <u>\$ 761,410</u>
Capital and Replacement				
Reserve Funding	421,735	421,735		
Bond Principal Payment	290,000	290,000		
Capital Asset Acquisition	<u>96,500</u>	<u>106,736</u>		
 Change in Net Assets	 <u>\$ (222,500)</u>	 <u>\$ (325,020)</u>		

* Actual depreciation of \$438,872 has been adjusted to zero to agree to the budgetary basis of accounting.