

TOWN OF WILTON
WATER AND SEWER AUTHORITY

FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 3,433 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 \$2.276 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 Position
Statement of Revenues, Expenses and Changes in Net Position
Statement of Cash Flows

Analysis of Authority’s Financial Position

Total net position at December 31, 2018 was \$25,331,014; this was an increase of \$868,513 from 2017. Net position at December 31, 2018 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$6,843,456 and this is included in the “Invested in Capital Assets” line item in the Statement of Net Position. Net position also includes infrastructure replacement and capital improvement reserves totaling \$6,814,163.

TOWN OF WILTON WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2018

Analysis of Authority's Financial Position (Continued)

Total assets at December 31, 2018 were \$25,593,331; this is an increase of \$837,706 from 2017.

Total assets include capital assets as follows:

	<u>2018</u>	<u>2017</u>	<u>Increase</u>
Capital Assets at historical cost	\$ 22,125,711	\$ 21,572,199	\$ 553,512
Accumulated Depreciation	<u>(8,026,987)</u>	<u>(7,573,313)</u>	<u>(453,674)</u>
Net Capital Assets	<u>\$ 14,098,724</u>	<u>\$ 13,998,886</u>	<u>\$ 99,838</u>

In 2018, water and sewer lines and pump stations contributed by developers amounted to \$28,410.

Liabilities and deferred inflows of resources at December 31, 2018 totaled \$262,317; this was a decrease of \$30,807 from 2017.

On the Statement of Revenues, Expenses and Changes in Net Position, operating revenue totaled \$2,404,495 for the year ended December 31, 2018; an increase of \$188,211 from 2017. Included in operating revenues are as follows:

	<u>2018</u>	<u>2017</u>
Water Revenues:		
Metered Water Rents	\$ 1,357,686	\$ 1,253,292
Unmetered Water Rents	3,204	3,204
Buy in Fees	377,600	178,200
Interest and Penalties	16,731	14,567
Use of Money	56,500	10,063
Use of Property	87,048	84,513
Developer Fee Revenue	40,745	19,345
Donated Infrastructure	25,000	182,525
Sale of Meters	18,192	21,001
Miscellaneous	<u>1,484</u>	<u>1,585</u>
Total Water Revenue	<u>1,984,190</u>	<u>1,768,295</u>
Sewer Revenues:		
Sewer Rent Revenue	292,632	287,943
Use of Money	24,543	4,336
Donated Infrastructure	3,410	89,130
Developer Fee Revenue	<u>99,720</u>	<u>66,580</u>
Total Sewer Revenue	<u>420,305</u>	<u>447,989</u>
Total Operating Revenue	<u>\$ 2,404,495</u>	<u>\$ 2,216,284</u>

Operating expenses increased \$39,562 from 2017 to a total of \$1,535,982 for the year ended December 31, 2018. Included in operating expenses are as follows:

Analysis of Authority's Financial Position (Continued)

	<u>2018</u>	<u>2017</u>
Salaries	\$ 259,576	\$ 238,714
Employee Benefits	101,977	87,519
Contractual Services	691,783	689,369
Depreciation	<u>482,646</u>	<u>480,818</u>
Total Water and Sewer Expenses	<u>\$ 1,535,982</u>	<u>\$ 1,496,420</u>

Analysis of Capital Projects

During 2018, there was one active capital project plus three capital projects in the engineering stages at December 31, 2018.

The first project was to upgrade the Furlong Hills sewer pump station. A total of \$357,016 was expended on this project in 2016, 2017 and 2018. A total of \$798,386 was budgeted for this project, but was subsequently reduced to \$398,386. The project is being funded by the sewer infrastructure replacement reserve.

The second project for the replacement of the Ballard Road water main was initially approved at a budget of \$1,004,425, but was adjusted to \$804,445 after bids were received. A total of \$248,164 has been expended on this project in 2017 and 2018.

The third project was approved with a budget of \$165,475 for the installation of the Traver Road water main loop. A total of \$152,576 was expended in 2017 and 2018. The project is being funded by current appropriations.

The three capital projects in the engineering stages at December 31, 2018 are:

1. The Davidson Drive loop project was approved with an initial budget of \$50,000. At December 31, 2018, \$25,922 has been expended on this project. This project will be funded with current appropriations.
2. The Forest Grove water line project was approved with an initial budget of \$10,000. At December 31, 2018, nothing had been expended on this project. This project is being funded with current appropriations.
3. The Forest Grove sewer line was approved with an initial budget of \$10,000. At December 31, 2018, nothing had been expended on this project. This project is being funded with current appropriations.

Future Prospects for the Authority's Finances

Based on a report from the engineers for the Authority, metered consumption figures for 2018 demonstrate that service connections during 2018 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 12,519 equivalent single family connections. Currently there are 3,520 equivalent single family units connected and there are approximately 69 approved vacant lots (or equivalent residential connections) for which the Authority is committed to provide service. At December 31, 2018 an additional 317 lots are in the approval process.

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
Wilton, New York

We have audited the accompanying statement of net position of the Town of Wilton Water and Sewer Authority as of and for the year ended December 31, 2018, and the related statement of revenues, expenses and changes in net position 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, 2018, and the changes in its 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 15, 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 7, 2019

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2018

Assets

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 4,165,867	\$ -	\$ 1,055	\$ -	\$ 4,166,922
Restricted Cash	3,826,098	2,941,265	-	-	6,767,363
Accounts Receivable	399,850	96,123	-	-	495,973
Inventory	20,751	1,380	-	-	22,131
Prepaid Expenses	42,218	-	-	-	42,218
Due from Other Funds	1,155	230,488	93,455	(325,098)	-
Utility Plant in Service, Net	<u>8,689,453</u>	<u>4,625,594</u>	<u>783,677</u>	<u>-</u>	<u>14,098,724</u>
 Total Assets	 <u>\$ 17,145,392</u>	 <u>\$ 7,894,850</u>	 <u>\$ 878,187</u>	 <u>\$ (325,098)</u>	 <u>\$ 25,593,331</u>

Liabilities, Deferred Inflows of Resources and Net Position

Accounts Payable and Accrued Expenses	\$ 151,591	\$ 11,821	\$ 93,355	\$ -	\$ 256,767
Due to Other Funds	<u>323,943</u>	<u>-</u>	<u>1,155</u>	<u>(325,098)</u>	<u>-</u>
 Total Liabilities	 <u>475,534</u>	 <u>11,821</u>	 <u>94,510</u>	 <u>(325,098)</u>	 <u>256,767</u>
 Deferred Inflows of Resources	 <u>5,550</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>5,550</u>
 Net Position					
Invested in Capital Assets	8,689,453	4,625,594	783,677	-	14,098,724
Replacement Reserve	3,850,757	1,835,290	-	-	5,686,047
Capital Reserve	-	1,128,116	-	-	1,128,116
Unrestricted	<u>4,124,098</u>	<u>294,029</u>	<u>-</u>	<u>-</u>	<u>4,418,127</u>
 Total Net Position	 <u>16,664,308</u>	 <u>7,883,029</u>	 <u>783,677</u>	 <u>-</u>	 <u>25,331,014</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u>\$ 17,145,392</u>	 <u>\$ 7,894,850</u>	 <u>\$ 878,187</u>	 <u>\$ (325,098)</u>	 <u>\$ 25,593,331</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenues				
Water Rent Revenue	\$ 1,377,621	\$ -	\$ -	\$ 1,377,621
Sewer Rent Revenue	-	292,632	-	292,632
Use of Money	56,500	24,543	-	81,043
Use of Property	87,048	-	-	87,048
Developer Fee Revenue	418,345	99,720	-	518,065
Donated Infrastructure	25,000	3,410	-	28,410
Sale of Meters	18,192	-	-	18,192
Miscellaneous Revenue	<u>1,484</u>	<u>-</u>	<u>-</u>	<u>1,484</u>
Total Operating Revenues	<u>1,984,190</u>	<u>420,305</u>	<u>-</u>	<u>2,404,495</u>
Operating Expenses				
Salaries	227,282	32,294	-	259,576
Employee Benefits	87,595	14,382	-	101,977
Contractual Services	592,206	99,577	-	691,783
Depreciation	<u>332,773</u>	<u>149,873</u>	<u>-</u>	<u>482,646</u>
Total Operating Expenses	<u>1,239,856</u>	<u>296,126</u>	<u>-</u>	<u>1,535,982</u>
Operating Transfers In (Out), Net	<u>(416,894)</u>	<u>(121,290)</u>	<u>538,184</u>	<u>-</u>
Increase in Net Position	327,440	2,889	538,184	868,513
Net Position, Beginning of Year	<u>16,336,868</u>	<u>7,880,140</u>	<u>245,493</u>	<u>24,462,501</u>
Net Position, End of Year	<u>\$ 16,664,308</u>	<u>\$ 7,883,029</u>	<u>\$ 783,677</u>	<u>\$ 25,331,014</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 2,139,954
Cash Paid to Employees, Contractors and Suppliers	<u>(1,116,701)</u>
Net Cash Provided By Operating Activities	1,023,253
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(554,074)
Cash Flows from Investing Activities:	
Use of Money and Property	<u>168,091</u>
Net Increase in Cash	637,270
Cash and Restricted Cash, Beginning of Year	<u>10,297,015</u>
Cash and Restricted Cash, End of Year	<u>\$ 10,934,285</u>
Reconciliation of Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Increase in Net Assets	\$ 868,513
Less: Non-Operating Cash Flows - Use of Money and Property	<u>(168,091)</u>
Operating Income	700,422
Adjustments to Reconcile Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	482,646
Donated Infrastructure	(28,410)
Changes in Assets and Liabilities:	
Accounts Receivable	(71,740)
Inventory	(9,293)
Prepaid Expenses	(19,565)
Accounts Payable and Accrued Expenses	(34,507)
Deferred Inflows of Resources	<u>3,700</u>
Net Cash Provided By Operating Activities	<u>\$ 1,023,253</u>
Supplemental Schedule of Noncash Transactions:	
Donated Infrastructure	<u>\$ 28,410</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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.

Inventory

Inventory is 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, 2018

**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 in service.

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, 2018 totaled \$10,934,285, with corresponding bank balances of \$10,935,958 which were covered by Federal depository insurance or by collateral held by the Authority's agent in the Authority's name.

3. RESTRICTED ASSETS AND RESTRICTED NET POSITION

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

Replacement Reserve - Water Fund	\$ 3,850,757
Replacement Reserve - Sewer Fund	1,835,290
Capital Reserve - Sewer Fund	<u>1,128,116</u>
Total	<u>\$ 6,814,163</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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	\$ 630,411	\$ -	\$ 9,950,984
Donated infrastructure	3,750,580	6,688,233	-	10,438,813
Equipment, furniture and fixtures	911,810	40,427	-	952,237
Construction in progress	-	-	<u>783,677</u>	<u>783,677</u>
	<u>13,982,963</u>	<u>7,359,071</u>	<u>783,677</u>	<u>22,125,711</u>
Less: accumulated depreciation	<u>(5,293,510)</u>	<u>(2,733,477)</u>	<u>-</u>	<u>(8,026,987)</u>
	<u>\$ 8,689,453</u>	<u>\$ 4,625,594</u>	<u>\$ 783,677</u>	<u>\$ 14,098,724</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 \$482,646 for the year ended December 31, 2018.

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 \$5,550 at December 31, 2018.

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 System. 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 its 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, 2018

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 \$26,726 for 2018, \$28,312 for 2017, and \$29,668 for 2016. 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, 2018, the Authority's liability for ERS was \$24,743 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, 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, 2018, the Authority's proportion was 0.0007666% for ERS.

At December 31, 2018, the Authority's total deferred outflows of resources was \$81,214 and the Authority's total deferred inflows of resources was \$82,482.

At December 31, 2018, 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 was 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, 2018 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	\$ -	\$ 416,894	\$ 1,155	\$ 323,943
Sewer Fund	-	121,290	230,488	-
Capital Projects	538,184	-	93,455	1,155
	<u>\$ 538,184</u>	<u>\$ 538,184</u>	<u>\$ 325,098</u>	<u>\$ 325,098</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018 because it is considered immaterial.

9. LEASE PAYMENTS

The Authority has entered into a lease agreement with the Town of Wilton whereby the Authority 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 \$7,767 has been recognized for the year ended December 31, 2018 and is included in the contractual services expense account on the statement of revenues, expenses and changes in net position.

10. RELATED PARTY TRANSACTIONS

The son of the Comptroller, who was appointed to the Authority Board by the Wilton Town Board, served as Secretary of the Authority.

During 2018, the daughter of the Comptroller was employed as an office manager by the Authority.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 7, 2019, the date the financial statements were available to be issued. No such events or transactions were identified.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable Variance</u>
Operating Revenues				
Water Rent Revenue	\$ 1,260,436	\$ 1,260,436	\$ 1,377,621	\$ 117,185
Sewer Rent Revenue	289,116	289,116	292,632	3,516
Use of Money	14,700	14,700	81,043	66,343
Use of Property	86,399	86,399	87,048	649
Developer Fee Revenue	135,950	135,950	518,065	382,115
Donated Infrastructure	-	-	28,410	28,410
Sale of Meters	6,250	13,750	18,192	4,442
Miscellaneous Revenue	<u>-</u>	<u>-</u>	<u>1,484</u>	<u>1,484</u>
Total Operating Revenues	<u>1,792,851</u>	<u>1,800,351</u>	<u>2,404,495</u>	<u>604,144</u>
Operating Expenses				
Salaries	248,006	259,594	259,576	18
Employee Benefits	121,430	119,857	101,977	17,880
Contractual Services	732,838	785,201	691,783	93,418
Depreciation *	-	-	-	-
Contingency	<u>449,180</u>	<u>394,302</u>	<u>-</u>	<u>394,302</u>
Total Operating Expenses	<u>1,551,454</u>	<u>1,558,954</u>	<u>1,053,336</u>	<u>505,618</u>
Increase in Net Position	241,397	241,397	<u>\$ 1,351,159</u>	<u>\$ 1,109,762</u>
Capital and Replacement				
Reserve Funding	133,312	133,312		
Capital Asset Acquisition	<u>33,000</u>	<u>33,000</u>		
Change in Net Position **	<u>\$ 75,085</u>	<u>\$ 75,085</u>		

* Actual depreciation of \$482,646 has been adjusted to zero to agree to the budgetary basis of accounting.

** Intrafund debt service of \$75,085 has been eliminated.

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

To the Members of the
Town of Wilton Water
and Sewer Authority
Wilton, New York

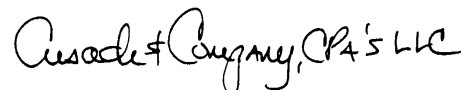
We have examined Town of Wilton Water and Sewer Authority's (the Authority) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the period January 1, 2018 through December 31, 2018. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the period of January 1, 2018 through December 31, 2018.

This report is intended solely for the information and use of the Board of Directors, management and others within the Authority and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 7, 2019