

TOWN OF WILTON
WATER AND SEWER AUTHORITY

FINANCIAL STATEMENTS
DECEMBER 31, 2019

TOWN OF WILTON WATER AND SEWER AUTHORITY

TABLE OF CONTENTS

DECEMBER 31, 2019

	<u>Page</u>
Management's Discussion and Analysis	1-4
Independent Auditor's Report	5-6
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10-14
Required Supplemental Information	
Statement of Revenues and Expenses - Budget and Actual	15
Schedule of Proportionate Share of Net Pension Liability and Employer Pension Contributions	16
Additional Report Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Schedule of Findings and Recommendations	19
Additional Report on Compliance with Investment Guidelines for Public Authorities	
Independent Auditor's Report on Compliance with Laws and Regulations Related to Investment Guidelines for Public Authorities	20

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 3,466 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 \$2.31 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, 2019 was \$26,022,677; this was an increase of \$691,663 from 2018. Net position at December 31, 2019 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$6,674,609 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 \$6,589,811.

TOWN OF WILTON WATER AND SEWER AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
 DECEMBER 31, 2019

Analysis of Authority's Financial Position (Continued)

Total assets at December 31, 2019 were \$26,231,043; this is an increase of \$637,712 from 2018.

Total assets include capital assets as follows:

	<u>2019</u>	<u>2018</u>	<u>Increase</u>
Capital Assets at historical cost	\$ 22,867,557	\$ 22,125,711	\$ 741,846
Accumulated Depreciation	(8,485,290)	(8,026,987)	(458,303)
Net Capital Assets	<u>\$ 14,382,267</u>	<u>\$ 14,098,724</u>	<u>\$ 283,543</u>

In 2019, water and sewer lines and pump stations contributed by developers amounted to \$41,250.

Liabilities and deferred inflows of resources at December 31, 2019 totaled \$208,366; this was a decrease of \$53,951 from 2018.

On the Statement of Revenues, Expenses and Changes in Net Position, operating revenue totaled \$2,282,849 for the year ended December 31, 2019; a decrease of \$121,646 from 2018. Included in operating revenues are as follows:

	<u>2019</u>	<u>2018</u>
Water Revenues:		
Metered Water Rents	\$ 1,349,751	\$ 1,357,686
Unmetered Water Rents	3,204	3,204
Buy in Fees	213,350	377,600
Interest and Penalties	15,877	16,731
Use of Money	123,675	56,500
Use of Property	89,660	87,048
Developer Fee Revenue	7,335	40,745
Donated Infrastructure	41,250	25,000
Sale of Meters	9,260	18,192
Gain on Sale of Vehicle	12,600	-
Miscellaneous	7,555	1,484
Total Water Revenue	<u>1,873,517</u>	<u>1,984,190</u>
Sewer Revenues:		
Sewer Rent Revenue	297,013	292,632
Use of Money	48,319	24,543
Donated Infrastructure	-	3,410
Developer Fee Revenue	64,000	99,720
Total Sewer Revenue	<u>409,332</u>	<u>420,305</u>
Total Operating Revenue	<u>\$ 2,282,849</u>	<u>\$ 2,404,495</u>

Analysis of Authority's Financial Position (Continued)

Operating expenses increased \$55,204 from 2018 to a total of \$1,591,186 for the year ended December 31, 2019. Included in operating expenses are as follows:

	<u>2019</u>	<u>2018</u>
Salaries	\$ 269,742	\$ 259,576
Employee Benefits	135,838	101,977
Contractual Services	677,151	691,783
Bad Debt Expense	17,208	-
Depreciation	491,247	482,646
Total Water and Sewer Expenses	<u>\$ 1,591,186</u>	<u>\$ 1,535,982</u>

Analysis of Capital Projects

During 2019, there were two active capital projects plus two capital projects that were in the engineering stages at December 31, 2019.

The first project for the replacement of the Ballard Road Water Main was initially approved at a budget of \$1,004,425 but was adjusted downward to \$804,445 after bids were received. A total of \$801,757 has been expended on this project in 2017, 2018 and 2019. Final payment on this project was made in February 2020.

The second project was the Davidson Drive Loop project which was approved with a budget of \$200,000. This project closed in 2019 with a total cost of \$164,845 that was provided from current appropriations.

The two capital projects in the engineering stages at December 31, 2019 are:

1. The Forest Grove Water Line project was approved with an initial budget of \$10,000. At December 31, 2019, nothing had been expended on this project. This project will be funded with current appropriations. \$200,000 was added to this budget in March 2020.
2. The Forest Grove Sewer Line project was approved with an initial budget of \$10,000. At December 31, 2019, nothing had been expended on this project. This project is being funded with the Capital Improvement Reserve. \$200,000 was added to this budget in March 2020.

Future Prospects for the Authority's Finances

Based on a report from the engineers for the Authority, metered consumption figures for 2019 demonstrate that service connections during 2019 averaged less than 300 gallons per day. Based upon these consumption figures, it appears that the existing source capacity of the Authority can sustain a total of 10,132 equivalent single family connections. Currently there are 4,236 equivalent single family units connected and there are approximately 95 approved vacant lots (or equivalent residential connections) for which the Authority is committed to provide service. At December 31, 2019 an additional 438 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 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.

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 financial statements of the governmental activities of the Town of Wilton Water and Sewer Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Wilton Water and Sewer Authority as of December 31, 2019, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 1 through 4, the budgetary comparison information on page 15 and the schedule of proportionate share of net pension liability and employer pension contributions on page 16 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
May 9, 2020

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2019

Assets

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 4,722,697	\$ -	\$ 1,055	\$ -	\$ 4,723,752
Restricted Cash	3,358,337	3,130,177	-	-	6,488,514
Accounts Receivable	446,298	120,664	-	-	566,962
Inventory	23,194	1,232	-	-	24,426
Prepaid Expenses	45,122	-	-	-	45,122
Due from Other Funds	1,055	272,039	69,410	(342,504)	-
Utility Plant in Service, Net	<u>8,750,938</u>	<u>4,829,573</u>	<u>801,756</u>	<u>-</u>	<u>14,382,267</u>
Total Assets	<u>\$ 17,347,641</u>	<u>\$ 8,353,685</u>	<u>\$ 872,221</u>	<u>\$ (342,504)</u>	<u>\$ 26,231,043</u>

Liabilities, Deferred Inflows of Resources and Net Position

Accounts Payable and Accrued Expenses Due to Other Funds	\$ 128,197	\$ 5,209	\$ 69,410	\$ -	\$ 202,816
	<u>341,449</u>	<u>-</u>	<u>1,055</u>	<u>(342,504)</u>	<u>-</u>
Total Liabilities	<u>469,646</u>	<u>5,209</u>	<u>70,465</u>	<u>(342,504)</u>	<u>202,816</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	8,750,938	4,829,573	801,756	-	14,382,267
Replacement Reserve	3,413,619	1,975,577	-	-	5,389,196
Capital Reserve	-	1,200,615	-	-	1,200,615
Unrestricted	<u>4,707,888</u>	<u>342,711</u>	<u>-</u>	<u>-</u>	<u>5,050,599</u>
Total Net Position	<u>16,872,445</u>	<u>8,348,476</u>	<u>801,756</u>	<u>-</u>	<u>26,022,677</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,347,641</u>	<u>\$ 8,353,685</u>	<u>\$ 872,221</u>	<u>\$ (342,504)</u>	<u>\$ 26,231,043</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenues				
Water Rent Revenue	\$ 1,368,832	\$ -	\$ -	\$ 1,368,832
Sewer Rent Revenue	-	297,013	-	297,013
Use of Money	123,675	48,319	-	171,994
Use of Property	89,660	-	-	89,660
Developer Fee Revenue	220,685	64,000	-	284,685
Donated Infrastructure	41,250	-	-	41,250
Sale of Meters	9,260	-	-	9,260
Gain on Sale of Vehicle	12,600	-	-	12,600
Miscellaneous Revenue	<u>7,555</u>	-	-	<u>7,555</u>
Total Operating Revenues	<u>1,873,517</u>	<u>409,332</u>	<u>-</u>	<u>2,282,849</u>
Operating Expenses				
Salaries	236,254	33,488	-	269,742
Employee Benefits	117,226	18,612	-	135,838
Contractual Services	581,387	95,764	-	677,151
Bad Debt Expense	17,208	-	-	17,208
Depreciation	<u>338,210</u>	<u>153,037</u>	<u>-</u>	<u>491,247</u>
Total Operating Expenses	<u>1,290,285</u>	<u>300,901</u>	<u>-</u>	<u>1,591,186</u>
Operating Transfers In (Out), Net	<u>(375,095)</u>	<u>357,016</u>	<u>18,079</u>	<u>-</u>
Increase in Net Position	208,137	465,447	18,079	691,663
Net Position, Beginning of Year	<u>16,664,308</u>	<u>7,883,029</u>	<u>783,677</u>	<u>25,331,014</u>
Net Position, End of Year	<u>\$ 16,872,445</u>	<u>\$ 8,348,476</u>	<u>\$ 801,756</u>	<u>\$ 26,022,677</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 1,908,956
Cash Paid to Employees, Contractors and Suppliers	<u>(1,159,089)</u>
Net Cash Provided By Operating Activities	749,867
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(733,540)
Cash Flows from Investing Activities:	
Use of Money and Property	<u>261,654</u>
Net Increase in Cash	277,981
Cash and Restricted Cash, Beginning of Year	<u>10,934,285</u>
Cash and Restricted Cash, End of Year	<u>\$ 11,212,266</u>
Reconciliation of Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Increase in Net Assets	\$ 691,663
Less: Non-Operating Cash Flows - Use of Money and Property	<u>(261,654)</u>
Operating Income	430,009
Adjustments to Reconcile Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	491,247
Donated Infrastructure	(41,250)
Changes in Assets and Liabilities:	
Accounts Receivable	(70,989)
Inventory	(2,295)
Prepaid Expenses	(2,904)
Accounts Payable and Accrued Expenses	<u>(53,951)</u>
Net Cash Provided By Operating Activities	<u>\$ 749,867</u>
Supplemental Schedule of Noncash Transactions:	
Donated Infrastructure	<u>\$ 41,250</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

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, 2019 totaled \$11,212,266, with corresponding bank balances of \$11,364,417 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	\$ 3,413,619
Replacement Reserve - Sewer Fund	1,975,577
Capital Reserve - Sewer Fund	<u>1,200,615</u>
Total	<u>\$ 6,589,811</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

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	\$ 9,637,994	\$ 987,427	\$ -	\$10,625,421
Donated infrastructure	3,791,830	6,688,233	-	10,480,063
Equipment, furniture and fixtures	919,890	40,427	-	960,317
Construction in progress	-	-	801,756	801,756
	14,349,714	7,716,087	801,756	22,867,557
Less: accumulated depreciation	(5,598,776)	(2,886,514)	-	(8,485,290)
	<u>\$ 8,750,938</u>	<u>\$ 4,829,573</u>	<u>\$ 801,756</u>	<u>\$14,382,267</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 \$491,247 for the year ended December 31, 2019.

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, 2019.

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, 2019

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 \$33,105 for 2019, \$26,726 for 2018, and \$28,312 for 2017. 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, 2019, the Authority's liability for ERS was \$61,884 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, 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, 2019, the Authority's proportion was 0.0008734% for ERS.

At December 31, 2019, the Authority's total deferred outflows of resources was \$57,228 and the Authority's total deferred inflows of resources was \$28,567.

At December 31, 2019, 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, 2019 arising from these transactions were as follows:

	Interfund Transfers In	Interfund Transfers Out	Interfund Receivable	Interfund Payable
Water Fund	\$ -	\$ 375,095	\$ 1,055	\$ 341,449
Sewer Fund	357,016	-	272,039	-
Capital Projects	18,079	-	69,410	1,055
	<u>\$ 375,095</u>	<u>\$ 375,095</u>	<u>\$ 342,504</u>	<u>\$ 342,504</u>

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, 2019 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 \$8,000 has been recognized for the year ended December 31, 2019 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 2019, 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 May 9, 2020, the date the financial statements were available to be issued. No such events or transactions were identified.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues				
Water Rent Revenue	\$ 1,269,276	\$ 1,269,276	\$ 1,368,832	\$ 99,556
Sewer Rent Revenue	292,420	292,420	297,013	4,593
Use of Money	139,559	139,559	171,994	32,435
Use of Property	88,990	88,990	89,660	670
Developer Fee Revenue	135,950	135,950	284,685	148,735
Donated Infrastructure	-	-	41,250	41,250
Sale of Meters	14,250	17,250	9,260	(7,990)
Gain on Sale of Vehicle	-	-	12,600	12,600
Miscellaneous Revenue	<u>-</u>	<u>6,362</u>	<u>7,555</u>	<u>1,193</u>
Total Operating Revenues	<u>1,940,445</u>	<u>1,949,807</u>	<u>2,282,849</u>	<u>333,042</u>
Operating Expenses				
Salaries	269,891	269,891	269,742	149
Employee Benefits	137,758	138,584	135,838	2,746
Contractual Services	881,709	938,136	677,151	260,985
Bad Debt Expense	-	-	17,208	(17,208)
Depreciation *	-	-	-	-
Contingency	<u>396,816</u>	<u>348,925</u>	<u>-</u>	<u>348,925</u>
Total Operating Expenses	<u>1,686,174</u>	<u>1,695,536</u>	<u>1,099,939</u>	<u>595,597</u>
Increase in Net Position	254,271	254,271	<u>\$ 1,182,910</u>	<u>\$ 928,639</u>
Capital and Replacement				
Reserve Funding	198,771	198,771		
Capital Asset Acquisition	<u>55,500</u>	<u>55,500</u>		
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>		

* Actual depreciation of \$491,247 has been adjusted to zero to agree to the budgetary basis of accounting.

TOWN OF WILTON WATER AND SEWER AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND EMPLOYER PENSION CONTRIBUTIONS
DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	.0008734%	.0007666%	.0007812%	.0007825%
Authority's proportionate share of the net pension liability	\$ 61,884	\$ 24,743	\$ 73,400	\$ 125,591
Authority's covered payroll	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Authority's proportionate share of the net pension liability as a percentage of its covered - employee payroll	22.9%	9.5%	30.7%	59.9%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.7%	90.6%
Contractually required contribution	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contributions in relation to the contractually required contribution	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contribution deficiency (excess)	-	-	-	-
Authority's overall payroll	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Contributions as a percentage of covered payroll	12.3%	10.3%	11.9%	14.1%

The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**ADDITIONAL REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Wilton Water and Sewer Authority (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 9, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

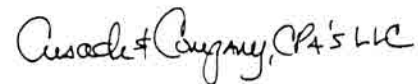
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
May 9, 2020

TOWN OF WILTON WATER AND SEWER AUTHORITY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

DECEMBER 31, 2019

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiency(ies) reported identified that are material weaknesses? Yes No
- Noncompliance material to financial statements? Yes None reported

Section II - Financial Statement Findings

None.

Section III - Compliance Findings

None.

**ADDITIONAL REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS RELATED TO
INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

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MEMBERS OF:
NEW YORK STATE SOCIETY OF
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**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, 2019 through December 31, 2019. 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, 2019 through December 31, 2019.

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
May 9, 2020