

TOWN OF WILTON
WATER AND SEWER AUTHORITY

FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 3,552 water and sewer customers.

The Authority currently has 3 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 \$2.322 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, 2021 was \$27,295,785; this was an increase of \$720,294 from 2020. Net position at December 31, 2021 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$6,533,000 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 \$7,210,581.

TOWN OF WILTON WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2021

Analysis of Authority's Financial Position (Continued)

Total assets at December 31, 2021 were \$27,711,633; this is an increase of \$1,007,239 from 2020.

Total assets include capital assets as follows:

	<u>2021</u>	<u>2020</u>	<u>Difference</u>
Capital Assets at historical cost	\$ 23,616,010	\$ 22,969,013	\$ 646,997
Accumulated Depreciation	(9,489,325)	(8,987,384)	(501,941)
Net Capital Assets	<u>\$ 14,126,685</u>	<u>\$ 13,981,629</u>	<u>\$ 145,056</u>

In 2021, water and sewer lines and pump stations contributed by developers amounted to \$192,977.

Liabilities and deferred inflows of resources at December 31, 2021 totaled \$415,848; this was an increase of \$286,945 from 2020.

On the Statement of Revenues, Expenses and Changes in Net Position, operating revenue totaled \$2,304,250 for the year ended December 31, 2021; an increase of \$155,324 from 2020. Included in operating revenues are as follows:

	<u>2021</u>	<u>2020</u>
Water Revenues:		
Metered Water Rents	\$ 1,431,209	\$ 1,469,592
Unmetered Water Rents	3,204	3,204
Buy in Fees	149,200	71,200
Interest and Penalties	21,855	8,997
Use of Money	21,449	87,217
Use of Property	95,120	92,350
Developer Fee Revenue	19,230	9,220
Donated Infrastructure	192,977	-
Sale of Meters	11,130	15,450
Miscellaneous	780	367
Total Water Revenue	<u>1,946,154</u>	<u>1,757,597</u>
Sewer Revenues:		
Sewer Rent Revenue	309,618	303,343
Use of Money	8,798	33,656
Developer Fee Revenue	39,680	54,330
Total Sewer Revenue	<u>358,096</u>	<u>391,329</u>
Total Operating Revenue	<u>\$ 2,304,250</u>	<u>\$ 2,148,926</u>

Analysis of Authority's Financial Position (Continued)

Operating expenses decreased \$12,156 from 2020 to a total of \$1,583,956 for the year ended December 31, 2021. Included in operating expenses are as follows:

	<u>2021</u>	<u>2020</u>
Salaries	\$ 251,225	\$ 279,732
Employee Benefits	128,457	143,901
Contractual Services	702,332	670,386
Depreciation	<u>501,942</u>	<u>502,093</u>
Total Water and Sewer Expenses	<u>\$ 1,583,956</u>	<u>\$ 1,596,112</u>

Analysis of Capital Projects

At December 31, 2021, there were five active Capital Projects as follows:

1. The Forest Grove Water Line project was approved with a budget of \$493,203. As of December 31, 2021, \$71,833 had been expended on this project. This project is being funded with current appropriations in the Water Fund.
2. The Forest Grove Sewer Line project was approved with a budget of \$845,632. As of December 31, 2021, \$243,708 had been expended on this project. This project is being funded from the Capital Improvement Reserve.
3. The Ace Sewer Pump Station Rebuild project was approved with a budget of \$611,800. As of December 31, 2021, \$17,414 had been expended on this project. This project is being funded by the Sewer Infrastructure Replacement Reserve.
4. The Rt. 9 Water Line Extension project was approved with a budget of \$88,300. As of December 31, 2021, \$87,844 had been expended on this project. The project is being funded with current appropriations in the Water Fund.
5. The Davidson-Route 9 Sewer Easement project was approved with a budget of \$20,000. As of December 31, 2021, \$18,074 had been expended on this project. The project is being funded with current appropriations in the Sewer Fund.

Future Prospects for the Authority's Finances

Based on a report from the engineers for the Authority, metered consumption figures for 2021 demonstrate that service connections during 2021 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 4,482 equivalent single family units connected and there are approximately 435 approved vacant lots (or equivalent residential connections) for which the Authority is committed to provide service. At December 31, 2021 an additional 42 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.

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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

Opinions

We have audited the accompanying financial statements of the governmental activities of the Wilton Water and Sewer Authority (the "Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority as of December 31, 2021, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4, the budgetary comparison information on page 16 and the schedule of proportionate share of net pension liability and employer pension contributions on page 17 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 basic 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 responses 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 June 11, 2022 on our consideration of the Authority's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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
June 11, 2022

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2021

Assets

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 5,521,582	\$ -	\$ 1,055	\$ -	\$ 5,522,637
Restricted Cash	3,745,172	3,463,136	-	-	7,208,308
Accounts Receivable	455,998	78,688	-	-	534,686
Due from Other Governments	261,377	-	-	-	261,377
Inventory	25,727	981	-	-	26,708
Prepaid Expenses	31,232	-	-	-	31,232
Due from Other Funds	1,055	374,475	278,847	(654,377)	-
Utility Plant in Service, Net	<u>9,164,231</u>	<u>4,523,234</u>	<u>439,220</u>	<u>-</u>	<u>14,126,685</u>
Total Assets	<u>\$ 19,206,374</u>	<u>\$ 8,440,514</u>	<u>\$ 719,122</u>	<u>\$ (654,377)</u>	<u>\$ 27,711,633</u>

Liabilities, Deferred Inflows of Resources and Net Position

Accounts Payable and Accrued Expenses	\$ 101,172	\$ 4,979	\$ 278,847	\$ -	\$ 384,998
Due to Other Funds	<u>424,225</u>	<u>229,097</u>	<u>1,055</u>	<u>(654,377)</u>	<u>-</u>
Total Liabilities	<u>525,397</u>	<u>234,076</u>	<u>279,902</u>	<u>(654,377)</u>	<u>384,998</u>
Deferred Inflows of Resources	<u>30,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,850</u>
Net Position					
Invested in Capital Assets	9,164,231	4,523,234	439,220	-	14,126,685
Replacement Reserve	3,746,435	2,179,981	-	-	5,926,416
Capital Reserve	-	1,284,165	-	-	1,284,165
Unrestricted	<u>5,739,461</u>	<u>219,058</u>	<u>-</u>	<u>-</u>	<u>5,958,519</u>
Total Net Position	<u>18,650,127</u>	<u>8,206,438</u>	<u>439,220</u>	<u>-</u>	<u>27,295,785</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 19,206,374</u>	<u>\$ 8,440,514</u>	<u>\$ 719,122</u>	<u>\$ (654,377)</u>	<u>\$ 27,711,633</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenues				
Water Rent Revenue	\$ 1,456,268	\$ -	\$ -	\$ 1,456,268
Sewer Rent Revenue	-	309,618	-	309,618
Use of Money	21,449	8,798	-	30,247
Use of Property	95,120	-	-	95,120
Developer Fee Revenue	168,430	39,680	-	208,110
Donated Infrastructure	192,977	-	-	192,977
Sale of Meters	11,130	-	-	11,130
Miscellaneous Revenue	<u>780</u>	-	-	<u>780</u>
Total Operating Revenues	<u>1,946,154</u>	<u>358,096</u>	<u>-</u>	<u>2,304,250</u>
Operating Expenses				
Salaries	224,438	26,787	-	251,225
Employee Benefits	111,649	16,808	-	128,457
Contractual Services	603,399	98,933	-	702,332
Depreciation	<u>344,509</u>	<u>157,433</u>	<u>-</u>	<u>501,942</u>
Total Operating Expenses	<u>1,283,995</u>	<u>299,961</u>	<u>-</u>	<u>1,583,956</u>
Operating Transfers In (Out), Net	<u>(66,720)</u>	<u>(279,195)</u>	<u>345,915</u>	<u>-</u>
Increase (Decrease) in Net Position	595,439	(221,060)	345,915	720,294
Net Position, Beginning of Year	<u>18,054,688</u>	<u>8,427,498</u>	<u>93,305</u>	<u>26,575,491</u>
Net Position, End of Year	<u>\$ 18,650,127</u>	<u>\$ 8,206,438</u>	<u>\$ 439,220</u>	<u>\$ 27,295,785</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 1,795,809
Cash Paid to Employees and Related Costs	(379,682)
Cash Paid to Venders	<u>(428,456)</u>
Net Cash Provided By Operating Activities	987,671
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(454,021)
Cash Flows from Investing Activities:	
Use of Money and Property	<u>213,223</u>
Net Increase in Cash	746,873
Cash and Restricted Cash, Beginning of Year	<u>11,984,072</u>
Cash and Restricted Cash, End of Year	<u>\$ 12,730,945</u>
Reconciliation of Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Increase in Net Assets	\$ 720,294
Less: Non-Operating Cash Flows - Use of Money and Property	<u>(213,223)</u>
Operating Income	507,071
Adjustments to Reconcile Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	501,942
Donated Infrastructure	(192,977)
Changes in Assets and Liabilities:	
Accounts Receivable	(54,034)
Due from Other Governments	(75,357)
Inventory	(2,126)
Prepaid Expenses	16,207
Accounts Payable and Accrued Expenses	259,795
Deferred Revenue	<u>27,150</u>
Net Cash Provided By Operating Activities	<u>\$ 987,671</u>
Supplemental Schedule of Noncash Transactions:	
Donated Infrastructure	<u>\$ 192,977</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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 of donation. Depreciation is computed using the straight-line method based on 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

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

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

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 certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance.

The carrying amount of checking and time deposits at December 31, 2021 totaled \$12,730,945, with corresponding bank balances of \$12,736,420 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 of \$2,273 (included in accounts receivable on the statement of net position) restricted for the following purposes:

Replacement Reserve - Water Fund	\$ 3,746,435
Replacement Reserve - Sewer Fund	2,179,981
Capital Reserve - Sewer Fund	<u>1,284,165</u>
Total	<u>\$ 7,210,581</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

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	\$10,539,559	\$ 704,498	\$ -	\$11,244,057
Donated infrastructure	3,984,807	6,689,534	-	10,674,341
Buildings	-	289,923	-	289,923
Equipment, furniture and fixtures	928,041	40,428	-	968,469
Construction in progress	-	-	439,220	439,220
	<u>15,452,407</u>	<u>7,724,383</u>	<u>439,220</u>	<u>23,616,010</u>
Less: accumulated depreciation	<u>(6,288,176)</u>	<u>(3,201,149)</u>	<u>-</u>	<u>(9,489,325)</u>
	<u>\$ 9,164,231</u>	<u>\$ 4,523,234</u>	<u>\$ 439,220</u>	<u>\$14,126,685</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 \$501,942 for the year ended December 31, 2021.

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 \$30,850 at December 31, 2021.

6. DUE FROM OTHER GOVERNMENTS

During 2020, nineteen residents of Davidson Drive petitioned the Town of Wilton to create a Tax District to provide water to their segment of Davidson Drive. This was approved by the Town and in the map, plan and report for Special Water District #1 that was prepared in accordance with NYS Guidelines, the Authority was to construct the lines and be reimbursed by the Town of Wilton each year as the tax revenues were received. As of December 31, 2021, \$261,377 was expended on this project and is reported in a long term receivable Due from Other Governments account. This project was completed in 2021 with the receipt of the tax revenues to begin in 2022 and continue until 2041.

7. PENSION PLAN

Pension Description

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transactions 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.

Funding Policy

The System is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary for the first ten years of service credit and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their 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 \$41,707 for 2021, \$34,740 for 2020 and \$33,105 for 2019. 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, 2021, the Authority's liability for ERS was \$829 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, 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 proportionate share 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, 2021, the Authority's proportionate share was 0.0008327% for ERS.

At December 31, 2021, the Authority's total deferred outflows of resources was \$196,919 and the Authority's total deferred inflows of resources was \$247,813.

At December 31, 2021, 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 (a net liability of \$51,723) was not deemed material.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

8. INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at December 31, 2021 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	\$ 92,957	\$ 159,677	\$ 1,055	\$ 424,225
Sewer Fund	-	279,195	374,475	229,097
Capital Projects	<u>345,915</u>	<u>-</u>	<u>278,847</u>	<u>1,055</u>
	<u>\$ 438,872</u>	<u>\$ 438,872</u>	<u>\$ 654,377</u>	<u>\$ 654,377</u>

9. 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, 2021 because it is immaterial.

10. LEASE PAYMENTS

The Authority has entered into a lease agreement with the Town of Wilton whereby the Authority agreed to pay \$6,360 in rent expense in 2011 with a 3% compounded increase each year beginning in January 2012 with no set expiration date. Rent expense of \$8,487 has been recognized for the year ended December 31, 2021 and is included in the contractual services expense account on the statement of revenues, expenses and changes in net position.

11. RELATED PARTY TRANSACTIONS

During 2021, the daughter of the Comptroller was employed as an office manager by the Authority.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 11, 2022, the date the financial statements were available to be issued. Two such events were identified as follows:

- a. On January 18, 2022, the Board approved amendments to the Personnel Policy that added Retiree's Health Insurance to the Policy. The Board also approved a 2022 budget amendment for \$200,000 for the 2022 contribution to fund this provision.
- b. On March 15, 2022, the Board approved the creation of the Edie Road Loop Capital Project with a budget of \$1,081,520 with the funding to come from current appropriations.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues				
Water Rent Revenue	\$ 1,368,832	\$ 1,368,832	\$ 1,456,268	\$ 87,436
Sewer Rent Revenue	301,151	301,151	309,618	8,467
Use of Money	36,744	36,744	30,247	(6,497)
Use of Property	94,404	94,404	95,120	716
Developer Fee Revenue	135,950	135,950	208,110	72,160
Donated Infrastructure *	-	-	-	-
Sale of Meters	6,250	11,180	11,130	(50)
Sale of Equipment	-	14,000	-	(14,000)
Miscellaneous Revenue	-	-	780	780
	<u>1,943,331</u>	<u>1,962,261</u>	<u>2,111,273</u>	<u>149,012</u>
Total Operating Revenues				
Operating Expenses				
Salaries	290,963	290,963	251,225	39,738
Employee Benefits	152,954	148,149	128,457	19,692
Contractual Services	821,688	910,669	702,332	208,337
Depreciation **	-	-	-	-
Contingency	310,086	251,540	-	251,540
	<u>1,575,691</u>	<u>1,601,321</u>	<u>1,082,014</u>	<u>519,307</u>
Total Operating Expenses				
Net Operating Transfers Out	-	-	(345,915)	(345,915)
Increase in Net Position	367,640	360,940	<u>\$ 683,344</u>	<u>\$ 322,404</u>
Capital and Replacement				
Reserve Funding	310,140	310,140		
Capital Asset Acquisition	57,500	65,800		
Change in Net Position	<u>\$ -</u>	<u>\$ (15,000)</u>		

* Actual donated infrastructure of \$192,977 has been adjusted to zero to agree with the budgetary basis of accounting.

** Actual depreciation of \$501,942 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	.0008327%	.0008586%	.0008734%	.0007666%	.0007812%	.0007825%
Authority's proportionate share of the net pension liability	\$ 829	\$ 227,363	\$ 61,884	\$ 24,743	\$ 73,400	\$ 125,591
Authority's covered payroll	\$ 212,177	\$ 279,732	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	.39%	81.3%	22.9%	9.5%	30.7%	59.9%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.7%	90.6%
Contractually required contribution	\$ 41,707	\$ 34,740	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contributions in relation to the contractually required contribution	\$ 41,707	\$ 34,740	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contribution deficiency (excess)	-	-	-	-	-	-
Authority's overall payroll	\$ 251,225	\$ 279,732	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Contributions as a percentage of covered payroll	16.6%	12.4%	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***

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**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 governmental activities of the Town of Wilton Water and Sewer Authority (the "Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 11, 2022.

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) as a basis for designing 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 the 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 financial statements. 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
June 11, 2022

TOWN OF WILTON WATER AND SEWER AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2021

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 | ___ <u>X</u> ___ No |
| • Significant deficiency(ies) identified that are material weaknesses? | _____ Yes | ___ <u>X</u> ___ No |
| Noncompliance material to financial statements? | _____ Yes | ___ <u>X</u> ___ 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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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS RELATED TO 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, 2021 through December 31, 2021. 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, 2021 through December 31, 2021.

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 11, 2022