

TOWN OF WILTON
WATER AND SEWER AUTHORITY

FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 3,620 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 and Saratoga County Water Authority. The City 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 (currently \$2.227 per 1,000 gallons). The County contract allows the Authority the right to purchase 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 price is increasing to \$2.358 per 1,000 gallons in 2023.

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, 2022 was \$28,123,387; this was an increase of \$827,602 from 2021. Net position at December 31, 2022 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$6,692,856 and this is included in the “Invested in Capital Assets” line item in the Statement of Net Position. Net position also includes infrastructure replacement, capital improvement, and OPEB reserves totaling \$7,093,848.

TOWN OF WILTON WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2022

Analysis of Authority's Financial Position (Continued)

Total assets at December 31, 2022 were \$28,503,291; this is an increase of \$791,658 from 2021.

Total assets include capital assets as follows:

	<u>2022</u>	<u>2021</u>	<u>Difference</u>
Capital Assets at historical cost	\$ 25,235,211	\$ 23,616,010	\$ 1,619,201
Accumulated Depreciation	(9,932,911)	(9,489,325)	(443,586)
Net Capital Assets	<u>\$ 15,302,300</u>	<u>\$ 14,126,685</u>	<u>\$ 1,175,615</u>

In 2022, water and sewer lines and pump stations contributed by developers amounted to \$352,650.

Liabilities and deferred inflows of resources at December 31, 2022 totaled \$379,904; this was a decrease of \$35,944 from 2021.

On the Statement of Revenues, Expenses and Changes in Net Position, operating revenue totaled \$2,415,038 for the year ended December 31, 2022; an increase of \$303,765 from 2021. Included in operating revenues are as follows:

	<u>2022</u>	<u>2021</u>
Water Revenues:		
Metered Water Rents	\$ 1,509,779	\$ 1,431,209
Unmetered Water Rents	3,204	3,204
Interest and Penalties	27,579	21,855
Use of Money	38,970	21,449
Use of Property	111,474	95,120
Developer Fee Revenue	18,730	19,230
Buy in Fees	212,600	149,200
Sale of Meters	20,237	11,130
Sale of Equipment	69,100	-
Miscellaneous	2,996	780
Total Water Revenue	<u>2,014,669</u>	<u>1,753,177</u>
Sewer Revenues:		
Sewer Rent Revenue	312,781	309,618
Use of Money	9,908	8,798
Developer Fee Revenue	77,680	39,680
Total Sewer Revenue	<u>400,369</u>	<u>358,096</u>
 Total Operating Revenue	 <u>\$ 2,415,038</u>	 <u>\$ 2,111,273</u>

Analysis of Authority's Financial Position (Continued)

Operating expenses increased \$356,130 from 2021 to a total of \$1,940,086 for the year ended December 31, 2022. Included in operating expenses are as follows:

	<u>2022</u>	<u>2021</u>
Salaries	\$ 249,443	\$ 251,225
Employee Benefits*	346,027	128,457
Contractual Services	833,728	702,332
Depreciation	510,888	501,942
Total Water and Sewer Expenses	<u>\$ 1,940,086</u>	<u>\$ 1,583,956</u>

* During 2022, the Authority amended their personnel policy to include postemployment health care benefits to those employees who meet stipulated requirements. The present value of these estimated future costs was recognized as an expense and a liability in 2022.

Analysis of Capital Projects

At December 31, 2022, there were two active Capital Projects as follows:

1. The Ace Sewer Pump Station Rebuild project was approved with a budget of \$611,800. As of December 31, 2022, \$100,895 had been expended on this project. This project is being funded by the Sewer Infrastructure Replacement Reserve.
2. The Edie Road Loop project was approved with a budget of \$1,360,945. As of December 31, 2022, \$614,903 had been expended on this project. The project is being funded with current appropriations in the Water Fund.

Future Prospects for the Authority's Finances

Based on a report from the engineers for the Authority, metered consumption figures for 2022 demonstrate that service connections during 2022 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 11,247 equivalent single family connections. Currently there are 4,515 equivalent single family units connected and there are approximately 365 approved vacant lots (or equivalent residential connections) for which the Authority is committed to provide service. At December 31, 2022 an additional 160 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

Opinion

We have audited the accompanying financial statements of the business-type activities of the Wilton Water and Sewer Authority (the "Authority"), as of and for the year ended December 31, 2022, 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 business-type activities of the Authority as of December 31, 2022, 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 Opinion

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 opinion.

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 opinion. 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 18 and the schedule of proportionate share of net pension liability and employer pension contributions on page 19 and the schedule of changes in total OPEB liability on page 20 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 6, 2023 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.

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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 6, 2023

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<u>Assets</u>				
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 5,324,365	\$ -	\$ 1,055	\$ -	\$ 5,325,420
Restricted Cash	4,045,860	3,022,499	-	-	7,068,359
Accounts Receivable	405,741	87,234	-	-	492,975
Due from Other Governments	250,349	-	-	-	250,349
Inventory	29,760	981	-	-	30,741
Prepaid Expenses	33,147	-	-	-	33,147
Due from Other Funds	1,055	395,627	6,442	(403,124)	-
Utility Plant in Service, Net	<u>9,542,341</u>	<u>5,044,161</u>	<u>715,798</u>	<u>-</u>	<u>15,302,300</u>
 Total Assets	 <u>\$ 19,632,618</u>	 <u>\$ 8,550,502</u>	 <u>\$ 723,295</u>	 <u>\$ (403,124)</u>	 <u>\$ 28,503,291</u>
 <u>Liabilities, Deferred Inflows of Resources and Net Position</u>					
Accounts Payable and Accrued Expenses	\$ 95,666	\$ 16,266	\$ 6,442	\$ -	\$ 118,374
Due to Other Funds	395,627	6,442	1,055	(403,124)	-
Postemployment Benefits Liability	<u>232,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,530</u>
 Total Liabilities	 <u>723,823</u>	 <u>22,708</u>	 <u>7,497</u>	 <u>(403,124)</u>	 <u>350,904</u>
 Deferred Inflows of Resources	 <u>29,000</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>29,000</u>
 Net Position					
Invested in Capital Assets	9,542,341	5,044,161	715,798	-	15,302,300
Replacement Reserve	3,881,949	2,224,256	-	-	6,106,205
Capital Reserve	-	786,701	-	-	786,701
OPEB Reserve	180,848	20,094	-	-	200,942
Unrestricted	<u>5,274,657</u>	<u>452,582</u>	<u>-</u>	<u>-</u>	<u>5,727,239</u>
 Total Net Position	 <u>18,879,795</u>	 <u>8,527,794</u>	 <u>715,798</u>	 <u>-</u>	 <u>28,123,387</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u>\$ 19,632,618</u>	 <u>\$ 8,550,502</u>	 <u>\$ 723,295</u>	 <u>\$ (403,124)</u>	 <u>\$ 28,503,291</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenues				
Water Rent Revenue	\$ 1,540,562	\$ -	\$ -	\$ 1,540,562
Sewer Rent Revenue	-	312,781	-	312,781
Use of Money	38,970	9,908	-	48,878
Use of Property	111,474	-	-	111,474
Developer Fee Revenue	231,330	77,680	-	309,010
Sale of Meters	20,237	-	-	20,237
Sale of Equipment	69,100	-	-	69,100
Miscellaneous Revenue	<u>2,996</u>	<u>-</u>	<u>-</u>	<u>2,996</u>
Total Operating Revenues	<u>2,014,669</u>	<u>400,369</u>	<u>-</u>	<u>2,415,038</u>
Operating Expenses				
Salaries	226,179	23,264	-	249,443
Employee Benefits	334,861	11,166	-	346,027
Contractual Services	700,953	132,775	-	833,728
Depreciation	<u>349,806</u>	<u>161,082</u>	<u>-</u>	<u>510,888</u>
Total Operating Expenses	<u>1,611,799</u>	<u>328,287</u>	<u>-</u>	<u>1,940,086</u>
Other Sources of Revenue (Expenses)				
Operating Transfers In (Out), Net	(455,052)	178,474	276,578	-
Donated Infrastructure	<u>281,850</u>	<u>70,800</u>	<u>-</u>	<u>352,650</u>
Total Other Sources of Revenue (Expenses)	<u>(173,202)</u>	<u>249,274</u>	<u>276,578</u>	<u>352,650</u>
Increase in Net Position	229,668	321,356	276,578	827,602
Net Position, Beginning of Year	<u>18,650,127</u>	<u>8,206,438</u>	<u>439,220</u>	<u>27,295,785</u>
Net Position, End of Year	<u>\$ 18,879,795</u>	<u>\$ 8,527,794</u>	<u>\$ 715,798</u>	<u>\$ 28,123,387</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 2,305,575
Cash Paid to Employees and Related Costs	(362,940)
Cash Paid to Venders	<u>(1,106,300)</u>
Net Cash Provided By Operating Activities	836,335
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(1,333,853)
Cash Flows from Investing Activities:	
Use of Money and Property	<u>160,352</u>
Net Decrease in Cash	(337,166)
Cash and Restricted Cash, Beginning of Year	<u>12,730,945</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 12,393,779</u></u>
Reconciliation of Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Increase in Net Assets	\$ 827,602
Less: Non-Operating Cash Flows - Use of Money and Property	<u>(160,352)</u>
Operating Income	667,250
Adjustments to Reconcile Operating Income to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	510,888
Donated Infrastructure	(352,650)
Changes in Assets and Liabilities:	
Accounts Receivable	41,711
Due from Other Governments	11,028
Inventory	(4,033)
Prepaid Expenses	(1,915)
Accounts Payable and Accrued Expenses	(266,624)
Postemployment Benefits Liability	232,530
Deferred Revenue	<u>(1,850)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 836,335</u></u>
Supplemental Schedule of Noncash Investing Activities:	
Donated Infrastructure	<u><u>\$ 352,650</u></u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 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.

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.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

Other Postemployment Benefits

In addition to providing pension benefits, the Authority provides health insurance coverage for retired employees and their survivors. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. (See Note 8 for additional information on GASB 75).

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, 2022 totaled \$12,393,779, with corresponding bank balances of \$12,437,210 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 \$39,288 (included in accounts receivable on the statement of net position) restricted for the following purposes:

Replacement Reserve - Water Fund	\$ 3,881,949
Replacement Reserve - Sewer Fund	2,224,256
Capital Reserve - Sewer Fund	786,701
OPEB Reserve - Water Fund	180,848
OPEB Reserve - Sewer Fund	<u>20,094</u>
Total	<u>\$ 7,093,848</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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	\$10,941,703	\$ 1,315,708	\$ -	\$12,257,411
Donated infrastructure	4,266,707	6,760,334	-	11,027,041
Buildings	-	289,923	-	289,923
Equipment, furniture and fixtures	904,610	40,428	-	945,038
Construction in progress	-	-	715,798	715,798
	<u>16,133,020</u>	<u>8,406,393</u>	<u>715,798</u>	<u>25,235,211</u>
Less: accumulated depreciation	<u>6,570,679</u>	<u>3,362,232</u>	-	<u>9,932,911</u>
	<u>\$ 9,542,341</u>	<u>\$ 5,044,161</u>	<u>\$ 715,798</u>	<u>\$15,302,300</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 \$510,888 for the year ended December 31, 2022.

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 \$29,000 at December 31, 2022.

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. A total of \$261,377 was expended on this project with the receipt of the tax revenues to begin in 2022 and continue until 2041. During 2022 \$15,602 (including \$4,574 in interest) was received by the Authority.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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 \$22,895 for 2022, \$41,707 for 2021 and \$34,740 for 2020. The Authority's contribution made to the System was equal to 100% of the contribution required for the year.

Pension (Assets) Liabilities and Deferred Inflows and Outflows of Resources Related to Pensions

At December 31, 2022, the Authority's asset for ERS was \$71,090 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Authority's proportionate share of the net pension asset 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, 2022, the Authority's proportionate share was 0.0008696% for ERS.

At December 31, 2022, the Authority's total deferred outflows of resources was \$147,583 and the Authority's total deferred inflows of resources was \$245,559.

At December 31, 2022, 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 \$26,886) was not deemed material.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

8. POSTEMPLOYMENT BENEFITS

Plan Description

In 2022, the Authority approved providing certain health care benefits for qualified retired employees and their spouses. Retirees will contribute a portion of the premiums for individual and spousal coverage. This contribution is due to the Authority at the beginning of each quarter. In the event a retiree predeceases the spouse, coverage for the spouse will continue. Coverage for a spouse will cease at the time of divorce or legal separation. An employee who leaves employment due to disciplinary action is not eligible for health insurance as a retiree.

The Authority will provide health insurance through its current health insurance provided until the retiree or their spouse is eligible for Medicare. Thereafter, Medicare will be the primary payer and the Authority's Medicare Advantage Plan health insurance will be the secondary payer.

The Retiree's contribution rate will be based on the percentage it was as an active employee at the time of retirement as adjusted each year by the Board of Directors.

The Authority will also reimburse a portion of the Medicare premiums of the retiree and spouses covered by the Authority's health insurance. The amount reimbursed will be determined during the budget process and will be paid quarterly. This reimbursement will cease at the death of the retiree.

The Authority's Board of Directors may at its discretion change the health insurance plan at any time, including but not limited to, type of coverage, retirees contributions and type of carrier.

Funding Policy and Eligibility

Eligible employees must be:

- a. 55 years of age
- b. have a minimum of 15 years of continuous full time service with the Authority
- c. Retire directly from the Authority
- d. be eligible to retire under the NYS Employees and Retirement System

Employees covered by benefit terms - At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefit payments	-
Inactive plan members entitled to but not yet receiving benefits	1
Retired plan members	-
Active plan members	<u>2</u>
Total plan members	<u><u>3</u></u>

Net OPEB Liability

The Authority's total OPEB liability was measured at December 31, 2022 utilizing the alternative measurement method as permitted by GASB 74.

TOWN OF WILTON WATER AND SEWER AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

8. POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions and Other Inputs

The total OPEB liability was determined by the current health care costs increased each year by 3%, using dates eligibility are met, life expectancy tables for each employee and assumed probabilities of individual employees remaining an employee of the Authority until retirement along with probabilities that employees will stay past their eligibility date (so as not to have to take an age reduction in their monthly pension payment). Mortality rates were based on the Social Security Administration's Period Life Table, 2020, as used in the 2023 Trustees Report. The discount rate used is 4.8%. The discount rate was based on the current CD rate at Saratoga National Bank.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption. Actual spousal information was used for retirees when available.

Termination rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

Changes in the Net OPEB Liability

Changes in the Authority's net OPEB liability were as follows:

	<u>OPEB Liability</u>
Balance at December 31, 2021	\$ <u>-</u>
Changes for the year:	
Service cost	397,470
Assumption changes	(109,557)
Benefit payments	<u>(55,383)</u>
Net changes	<u>232,530</u>
Balance at December 31, 2022	<u>\$ 232,530</u>

Changes of benefit terms reflect changes in assumptions and other inputs.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Authority's total OPEB liability, as well as what the Authority's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (3.80%)	Net OPEB Liability (4.80%)	1% Increase (5.80%)
Total OPEB Liability	<u>\$ 313,520</u>	<u>\$ 232,530</u>	<u>\$ 173,881</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

8. POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare care trend rate:

	<u>1% Decrease</u>	<u>Healthcare Trends (5.4%)</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 189,469	\$ 232,530	\$ 275,591

9. 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, 2022 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	\$ 159,851	\$ 614,903	\$ 300,474	\$ 695,046
Sewer Fund	261,955	83,481	395,627	6,442
Capital Projects	276,578	-	6,442	1,055
	<u>\$ 698,384</u>	<u>\$ 698,384</u>	<u>\$ 702,543</u>	<u>\$ 702,543</u>

10. 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 1,750 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, 2022 because it is immaterial.

11. RELATED PARTY TRANSACTIONS

During 2022, 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 6, 2023, the date the financial statements were available to be issued. One such event was identified as follows:

- a. During 2023, the Authority entered into preliminary discussions with the Saratoga County Sewer District #1 concerning the County's Sewer District #1 acquiring the sewer assets and operations of the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues				
Water Rent Revenue	\$ 1,439,921	\$ 1,439,921	\$ 1,540,562	\$ 100,641
Sewer Rent Revenue	309,214	309,214	312,781	3,567
Use of Money	12,375	12,375	48,878	36,503
Use of Property	97,973	97,973	111,474	13,501
Developer Fee Revenue	203,534	204,934	309,010	104,076
Sale of Meters	6,250	21,250	20,237	(1,013)
Sale of Equipment	-	-	69,100	69,100
Miscellaneous Revenue	<u>-</u>	<u>-</u>	<u>2,996</u>	<u>2,996</u>
Total Operating Revenues	<u>2,069,267</u>	<u>2,085,667</u>	<u>2,415,038</u>	<u>329,371</u>
Operating Expenses				
Salaries	303,605	303,605	249,443	54,162
Employee Benefits	153,761	386,291	346,027	40,264
Contractual Services	821,213	1,003,953	833,728	170,225
Depreciation **	-	-	-	-
Contingency	<u>418,357</u>	<u>297,017</u>	<u>-</u>	<u>297,017</u>
Total Operating Expenses	<u>1,696,936</u>	<u>1,990,866</u>	<u>1,429,198</u>	<u>561,668</u>
Other Sources of Revenues (Expenses)				
Net Operating Transfers In (Out)	-	-	(276,578)	(276,578)
Donated Infrastructure *	<u>-</u>	<u>-</u>	<u>352,650</u>	<u>352,650</u>
Total Other Sources of Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>76,072</u>	<u>76,072</u>
Increase in Net Position	372,331	94,801	<u>\$ 1,061,912</u>	<u>\$ 967,111</u>
Capital and Replacement				
Reserve Funding	277,831	277,831		
OPEB Reserve Funding	-	200,000		
Capital Asset Acquisition	<u>46,500</u>	<u>91,500</u>		
Change in Net Position	<u>\$ 48,000</u>	<u>\$ (474,530)</u>		

* Actual donated infrastructure of \$352,650 has been adjusted to zero to agree with the budgetary basis of accounting.

** Actual depreciation of \$510,888 has been adjusted to zero to agree to the budgetary basis of accounting.

The schedule above represents water and sewer funds only.

TOWN OF WILTON WATER AND SEWER AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION (ASSET) LIABILITY AND EMPLOYER PENSION CONTRIBUTIONS
DECEMBER 31, 2022

	<u>2022</u>	<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 (asset) liability	.0008696%	.0008327%	.0008586%	.0008734%	.0007666%	.0007812%	.0007825%
Authority's proportionate share of the net pension (asset) liability	\$ (71,090)	\$ 829	\$ 227,363	\$ 61,884	\$ 24,743	\$ 73,400	\$ 125,591
Authority's covered payroll	\$ 229,496	\$ 212,177	\$ 279,732	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Authority's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	30.9%	.39%	81.3%	22.9%	9.5%	30.7%	59.9%
Plan fiduciary net position as a percentage of the total pension (asset) liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.6%
Contractually required contribution	\$ 22,895	\$ 41,707	\$ 34,740	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contributions in relation to the contractually required contribution	\$ 22,895	\$ 41,707	\$ 34,740	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contribution deficiency (excess)		-	-	-	-	-	-
Authority's overall payroll	\$ 249,443	\$ 251,225	\$ 279,732	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Contributions as a percentage of covered payroll	9.2%	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.

TOWN OF WILTON WATER AND SEWER AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
 DECEMBER 31, 2022

Total OPEB Liability	
Measurement date	12/31/2022
Service cost	\$ 397,470
Changes in assumptions and other inputs	(109,557)
Benefit payments	<u>(55,383)</u>
Net Change in Total OPEB Liability	232,530
Total OPEB Liability, Beginning of Year	<u>-</u>
Total OPEB Liability, End of Year	<u><u>\$ 232,530</u></u>
Covered-employee payroll	\$ 224,737
Total OPEB Liability as a percentage of covered-employee payroll	103.47%

* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of each fiscal year were determined as of the measurement date.

**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, 2022, 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 6, 2023.

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 6, 2023

TOWN OF WILTON WATER AND SEWER AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2022

SECTION I — SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:		<u>Unmodified</u>
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, 2022 through December 31, 2022. 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, 2022 through December 31, 2022.

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 6, 2023