

*TOWN OF WILTON WATER
AND SEWER AUTHORITY*

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 3,693 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. The County contract allows the Authority the right to purchase 300,000 gallons of water per day at a current price of \$2.357 per 1,000 gallons. The contract allows for price increases of up to 1.5% per year. The price is increasing to \$2.392 per 1,000 gallons in 2024.

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, 2023 was \$30,455,497; this was an increase of \$2,332,110 from 2022. Net position at December 31, 2023 includes Contributed Capital (net of Accumulated Depreciation on those assets) of \$7,813,777 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 \$7,714,379.

Total assets at December 31, 2023 were \$31,039,818; this is an increase of \$2,536,527 from 2022.

TOWN OF WILTON WATER AND SEWER AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
 DECEMBER 31, 2023

Analysis of Authority's Financial Position (Continued)

Total assets include capital assets as follows:

	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Capital Assets at historical cost	\$ 27,198,941	\$ 25,235,211	\$ 1,963,730
Accumulated Depreciation	<u>(10,439,886)</u>	<u>(9,932,911)</u>	<u>(506,975)</u>
Net Capital Assets	<u>\$ 16,759,055</u>	<u>\$ 15,302,300</u>	<u>\$ 1,456,755</u>

In 2023, water and sewer lines and pump stations contributed by developers amounted to \$1,341,890.

Liabilities and deferred inflows of resources at December 31, 2023 totaled \$584,321; this was an increase of \$204,417 from 2022.

On the Statement of Revenues, Expenses and Changes in Net Position, operating revenue totaled \$2,805,299 for the year ended December 31, 2023; an increase of \$390,260 from 2022. Included in operating revenues are as follows:

	<u>2023</u>	<u>2022</u>
Water Revenues:		
Metered Water Rents	\$ 1,467,700	\$ 1,509,779
Unmetered Water Rents	3,204	3,204
Interest and Penalties	20,087	27,579
Use of Money	249,599	38,970
Use of Property	124,013	111,474
Developer Fee Revenue	34,873	18,730
Buy in Fees	298,000	212,600
Sale of Meters	33,214	20,237
Sale of Equipment	-	69,100
Miscellaneous	<u>2,704</u>	<u>2,996</u>
Total Water Revenue	<u>2,233,394</u>	<u>2,014,669</u>
Sewer Revenues:		
Sewer Rent Revenue	316,922	312,781
Use of Money	130,542	9,908
Developer Fee Revenue	<u>124,440</u>	<u>77,680</u>
Total Sewer Revenue	<u>571,904</u>	<u>400,369</u>
Total Operating Revenue	<u>\$ 2,805,298</u>	<u>\$ 2,415,038</u>

Analysis of Authority's Financial Position (Continued)

Operating expenses decreased \$125,007 from 2022 to a total of \$1,815,079 for the year ended December 31, 2023. Included in operating expenses are as follows:

	<u>2023</u>	<u>2022</u>
Salaries	\$ 276,157	\$ 249,443
Employee Benefits	161,304	346,027
Contractual Services	870,643	833,728
Depreciation	506,975	510,888
Total Water and Sewer Expenses	<u>\$ 1,815,079</u>	<u>\$ 1,940,086</u>

Analysis of Capital Projects

At December 31, 2023, 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, 2023, \$139,520 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, 2023, \$1,186,800 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 2023 demonstrate that service connections during 2023 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 4,579 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, 2023 an additional 353 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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Town of Wilton Water and Sewer Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wilton Water and Sewer 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 Town of Wilton Water and Sewer Authority, as of December 31, 2023, and the respective changes in 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.

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 Town of Wilton Water and Sewer 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 Town of Wilton Water and Sewer Authority's ability to continue as a going concern for 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 Town of Wilton Water and Sewer 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 Town of Wilton Water and Sewer 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 3, the budgetary comparison information on page 19 and the schedule of schedule of proportionate share of net pension liability and employer pension contributions on page 20 and the schedule of changes in total OPEB liability on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 3, 2024, on our consideration of the Town of Wilton Water and Sewer Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Town of Wilton Water and Sewer 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 Town of Wilton Water and Sewer Authority's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
June 3, 2024

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2023

Assets and Deferred Outflows of Resources

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 5,545,181	\$ -	\$ 1,055	\$ -	\$ 5,546,236
Restricted Cash	4,233,490	3,318,219	-	-	7,551,709
Accounts Receivable	638,135	108,989	-	-	747,124
Due from Other Governments	239,129	-	-	-	239,129
Inventory	51,115	957	-	-	52,072
Prepaid Expenses	35,565	-	-	-	35,565
Due from Other Funds	1,055	436,258	24,088	(461,401)	-
Utility Plant in Service, Net	<u>9,729,450</u>	<u>5,703,285</u>	<u>1,326,320</u>	<u>-</u>	<u>16,759,055</u>
Total Assets	<u>20,473,120</u>	<u>9,567,708</u>	<u>1,351,463</u>	<u>(461,401)</u>	<u>30,930,890</u>
Deferred Outflows of Resources	<u>108,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,928</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 20,582,048</u>	<u>\$ 9,567,708</u>	<u>\$ 1,351,463</u>	<u>\$ (461,401)</u>	<u>\$ 31,039,818</u>

Liabilities, Deferred Inflows of Resources and Net Position

Accounts Payable and Accrued Expenses	\$ 133,127	\$ 12,745	\$ 24,088	\$ -	\$ 169,960
Due to Other Funds	460,346	-	1,055	(461,401)	-
Postemployment Benefits Liability	<u>390,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,961</u>
Total Liabilities	<u>984,434</u>	<u>12,745</u>	<u>25,143</u>	<u>(461,401)</u>	<u>560,921</u>
Deferred Inflows of Resources	<u>23,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,400</u>
Net Position					
Invested in Capital Assets	9,729,450	5,703,285	1,326,320	-	16,759,055
Replacement Reserve	4,166,038	2,370,585	-	-	6,536,623
Capital Reserve	-	955,310	-	-	955,310
OPEB Assignment	201,002	21,444	-	-	222,446
Unrestricted	<u>5,477,724</u>	<u>504,339</u>	<u>-</u>	<u>-</u>	<u>5,982,063</u>
Total Net Position	<u>19,574,214</u>	<u>9,554,963</u>	<u>1,326,320</u>	<u>-</u>	<u>30,455,497</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 20,582,048</u>	<u>\$ 9,567,708</u>	<u>\$ 1,351,463</u>	<u>\$ (461,401)</u>	<u>\$ 31,039,818</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Revenues				
Water Rent Revenue	\$ 1,490,992	\$ -	\$ -	\$ 1,490,992
Sewer Rent Revenue	-	316,922	-	316,922
Use of Money	249,599	130,542	-	380,141
Use of Property	124,013	-	-	124,013
Developer Fee Revenue	332,873	124,440	-	457,313
Sale of Meters	33,214	-	-	33,214
Miscellaneous Revenue	<u>2,704</u>	<u>-</u>	<u>-</u>	<u>2,704</u>
Total Operating Revenues	<u>2,233,395</u>	<u>571,904</u>	<u>-</u>	<u>2,805,299</u>
Operating Expenses				
Salaries	247,390	28,767	-	276,157
Employee Benefits	148,354	12,950	-	161,304
Contractual Services	747,125	123,518	-	870,643
Depreciation	<u>335,580</u>	<u>171,395</u>	<u>-</u>	<u>506,975</u>
Total Operating Expenses	<u>1,478,449</u>	<u>336,630</u>	<u>-</u>	<u>1,815,079</u>
Other Sources of Revenue (Expenses)				
Operating Transfers In (Out), Net	(571,897)	(38,625)	610,522	-
Donated Infrastructure	<u>511,370</u>	<u>830,520</u>	<u>-</u>	<u>1,341,890</u>
Total Other Sources of Revenue (Expenses)	<u>(60,527)</u>	<u>791,895</u>	<u>610,522</u>	<u>1,341,890</u>
Increase in Net Position	694,419	1,027,169	610,522	2,332,110
Net Position, Beginning of Year	<u>18,879,795</u>	<u>8,527,794</u>	<u>715,798</u>	<u>28,123,387</u>
Net Position, End of Year	<u>\$ 19,574,214</u>	<u>\$ 9,554,963</u>	<u>\$ 1,326,320</u>	<u>\$ 30,455,497</u>

TOWN OF WILTON WATER AND SEWER AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities:	
Cash Received from Customers and Developers	\$ 2,052,616
Cash Paid to Employees and Related Costs	(387,958)
Cash Paid to Vendors	<u>(842,806)</u>
Net Cash Provided By Operating Activities	821,852
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(621,840)
Cash Flows from Investing Activities:	
Use of Money and Property	<u>504,154</u>
Net Change in Cash	704,166
Cash and Restricted Cash, Beginning of Year	<u>12,393,779</u>
Cash and Restricted Cash, End of Year	<u>\$ 13,097,945</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Increase in Net Assets	2,332,110
Less: Non-Operating Cash Flows - Use of Money and Property	<u>(504,154)</u>
Operating Income	1,827,956
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	506,975
Donated Infrastructure	(1,341,890)
Changes in Assets and Liabilities:	
Accounts Receivable	(254,149)
Due from Other Governments	11,220
Inventory	(21,331)
Prepaid Expenses	(2,418)
Deferred Outflows of Resources	(108,928)
Accounts Payable and Accrued Expenses	51,586
Postemployment Benefits Liability	158,431
Deferred Revenue	<u>(5,600)</u>
Net Cash Provided By Operating Activities	<u>\$ 821,852</u>
Supplemental Schedule of Noncash Investing Activities:	
Donated Infrastructure	<u>\$ 1,341,890</u>

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>Classifications 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.

**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, 2023 totaled \$13,097,945, with corresponding bank balances of \$13,105,126 which were covered by Federal depository insurance or by collateral held by the Authority's agent in the Authority's name.

3. RESTRICTED ASSETS, RESTRICTED NET POSITION AND ASSIGNED NET POSITION

Restricted assets consist of cash, certificates of deposit and related accrued interest of \$162,572 restricted for the following purposes:

Replacement Reserve - Water Fund	\$ 4,166,038
Replacement Reserve - Sewer Fund	\$ 2,370,585
Capital Reserve - Sewer Fund	\$ 955,310

Assigned net position consist of the following:

OPEB Assignment - Water Fund	\$ 201,002
OPEB Assignment - Sewer Fund	\$ 21,444

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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	\$ 10,941,704	\$ 1,315,707	\$ -	\$ 12,257,411
Donated infrastructure	4,778,077	7,590,854	-	12,368,931
Buildings	-	289,923	-	289,923
Equipment, furniture and fixtures	915,929	40,428	-	956,357
Construction in progress	-	-	1,326,320	1,326,320
	16,635,710	9,236,912	1,326,320	27,198,942
Less: accumulated depreciation	<u>(6,906,260)</u>	<u>(3,533,627)</u>	<u>-</u>	<u>(10,439,887)</u>
	<u>\$ 9,729,450</u>	<u>\$ 5,703,285</u>	<u>\$ 1,326,320</u>	<u>\$ 16,759,055</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 \$506,975 for the year ended December 31, 2023.

5. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources arise when potential expenses do 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 outflows of resources is removed and expenses are recognized. Deferred outflows of resources amounted to \$108,928 at December 31, 2023.

6. 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 \$23,400 at December 31, 2023.

7. 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 2023 \$15,601 (including \$4,381 in interest) was received by the Authority.

8. PENSION PLAN

Plan 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 \$28,148 for 2023, \$22,895 for 2022 and \$41,707 for 2021. 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, 2023, the Authority's liability for ERS was \$130,365 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2023, 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, 2023, the Authority's proportionate share was 0.0006079% for ERS.

At December 31, 2023, the Authority's total deferred outflows of resources was \$104,431 and the Authority's total deferred inflows of resources was \$17,820.

8. PENSION PLAN (CONTINUED)

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

At December 31, 2023, 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 \$43,754) was not deemed material.

9. 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

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

9. POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy and Eligibility (Continued)

Employees covered by benefit terms - At December 31, 2023, 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	-
Retired plan members	-
Active plan members	<u>3</u>
Total plan members	<u><u>3</u></u>

Total OPEB Liability

The Authority's total OPEB liability of \$390,961 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.10%
Salary Increases, Including Wage Inflation	Varied by years of service and retirement system
Discount Rate	3.26%
Healthcare Cost Trend Rates	7.50% for 2023 decreasing to an ultimate rate of 4.54% by 2090.

The discount rate was based on Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the April 1, 2010 - March 31, 2015 NYSLRA experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period April, 2010 - March 31, 2015.

TOWN OF WILTON WATER AND SEWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

9. POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

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

Balance at December 31, 2022	\$ 232,530
Changes for the year:	
Service cost	26,951
Interest	12,343
Assumption changes	59,420
Differences between actual and expected experience	59,717
Net changes	158,431
 Balance at December 31, 2023	 \$ 390,961

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 (2.26%)	OPEB Liability (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$ 444,517	\$ 390,961	\$ 346,798

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:

	1% Decrease	Healthcare Trends (7.5%)	1% Increase
Total OPEB Liability	\$ 328,431	\$ 390,961	\$ 472,105

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the Authority recognized OPEB expense of \$49,503. At December 31, 2023, the Authority reported deferred inflows and deferred outflows of resources related to OPEB of \$0 and \$108,928 respectively, relating to changes of assumptions or other inputs.

TOWN OF WILTON WATER AND SEWER AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023

9. POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Amount of Deferred (Inflows) and Outflows
2024	\$ 10,209
2025	10,209
2026	10,209
2027	10,209
2028	10,209
Thereafter	<u>57,883</u>
	<u>\$ 108,928</u>

10. 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, 2023 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	\$ -	\$ 571,897	\$ 1,055	\$ 460,346
Sewer Fund	-	38,625	436,258	-
Capital Projects	<u>610,522</u>	<u>-</u>	<u>24,088</u>	<u>1,055</u>
	<u>\$ 610,522</u>	<u>\$ 610,522</u>	<u>\$ 461,401</u>	<u>\$ 461,401</u>

11. 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, 2023 because it is immaterial.

12. RELATED PARTY TRANSACTIONS

During 2023, the daughter of the Comptroller was employed as an office manager by the Authority.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through June 3, 2024, the date the financial statements were available to be issued. One such event was identified as follows:

- a. During 2023, the Authority entered into discussions with the Saratoga County Sewer District #1 concerning the County's Sewer District #1 acquiring the sewer assets and operations of the Authority. As of the date of these financial statements, discussions continue and the transfer is expected to take place by the end of 2024.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILTON WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues				
Water Rent Revenue	\$ 1,449,151	\$ 1,449,151	\$ 1,490,992	\$ 41,841
Sewer Rent Revenue	321,054	321,054	316,922	(4,132)
Use of Money	216,279	216,279	380,141	163,862
Use of Property	118,912	118,912	124,013	5,101
Developer Fee Revenue	203,534	203,534	457,313	253,779
Sale of Meters	8,125	23,125	33,214	10,089
Miscellaneous Revenue	<u>-</u>	<u>-</u>	<u>2,704</u>	<u>2,704</u>
Total Operating Revenues	<u>2,317,055</u>	<u>2,332,055</u>	<u>2,805,299</u>	<u>473,244</u>
Operating Expenses				
Salaries	319,569	319,569	276,157	43,412
Employee Benefits	108,233	206,633	161,304	45,329
Contractual Services	1,035,757	1,134,239	870,643	263,596
Depreciation **	-	-	-	-
Contingency	<u>374,743</u>	<u>192,861</u>	<u>-</u>	<u>192,861</u>
Total Operating Expenses	<u>1,838,302</u>	<u>1,853,302</u>	<u>1,308,104</u>	<u>545,198</u>
Other Sources of Revenues (Expenses)				
Net Operating Transfers In (Out)	-	-	(610,522)	(610,522)
Donated Infrastructure *	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources of Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(610,522)</u>	<u>(610,522)</u>
Increase in Net Position	478,753	478,753	<u>\$ 886,673</u>	<u>\$ 407,920</u>
Capital and Replacement Reserve Funding	321,169	321,169		
OPEB Reserve Funding	-	16,000		
Capital Asset Acquisition	<u>66,500</u>	<u>66,500</u>		
Change in Net Position	<u>\$ 91,084</u>	<u>\$ 75,084</u>		

* Actual donated infrastructure of \$1,341,890 has been adjusted to zero to agree with the budgetary basis of accounting.

** Actual depreciation of \$506,975 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, 2023

	<u>2023</u>	<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	.0006079%	.0008696%	.0008327%	.0008586%	.0008734%	.0007666%	.0007812%	.0007825%
Authority's proportionate share of the net pension (asset) liability	\$ 130,365	\$ (71,090)	\$ 829	\$ 227,363	\$ 61,884	\$ 24,743	\$ 73,400	\$ 125,591
Authority's covered payroll	\$ 250,562	\$ 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	52.0%	(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	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.6%
Contractually required contribution	\$ 28,148	\$ 22,895	\$ 41,707	\$ 34,740	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contributions in relation to the contractually required contribution	\$ 28,148	\$ 22,895	\$ 41,707	\$ 34,740	\$ 33,105	\$ 26,726	\$ 28,312	\$ 29,668
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Authority's overall payroll	\$ 276,157	\$ 249,443	\$ 251,225	\$ 279,732	\$ 269,742	\$ 259,576	\$ 238,714	\$ 209,472
Contributions as a percentage of covered payroll	10.2%	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.

The information for the years prior to the implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

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

TOWN OF WILTON WATER AND SEWER AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
DECEMBER 31, 2023

Total OPEB Liability

Measurement date	<u>12/31/23</u>	<u>12/31/22</u>
Service cost	\$ 26,951	\$ 397,470
Interest	12,343	-
Changes in assumptions and other inputs	59,420	(109,557)
Differences between actual and expected experience	59,717	-
Benefit payments	<u>-</u>	<u>(55,383)</u>
Net Change in Total OPEB Liability	158,431	232,530
Total OPEB Liability, Beginning of Year	<u>232,530</u>	<u>-</u>
Total OPEB Liability, End of Year	<u>\$ 390,961</u>	<u>\$ 232,530</u>
Covered-employee payroll	\$ 249,706	\$ 224,737
Total OPEB Liability as a percentage of covered-employee payroll	156.57%	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.

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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 business-type activities of the Town of Wilton Water and Sewer Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wilton Water and Sewer Authority's basic financial statements, and have issued our report thereon dated June 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wilton Water and Sewer 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 Town of Wilton Water and Sewer Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wilton Water and Sewer 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wilton Water and Sewer 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 3, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	___ <u>x</u> ___ No
• Significant deficiency(ies) identified?	_____ Yes	___ <u>x</u> ___ No
• Noncompliance material to financial statements noted?	_____ 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 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 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, 2023 through December 31, 2023. 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, 2023 through December 31, 2023.

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 3, 2024