



Financial Report

December 31, 2012



(View of the LFTC Recreational Field Complex)

TOWN OF MALTA, NEW YORK
TABLE OF CONTENTS
DECEMBER 31, 2012

	<u>PAGE</u>
Management's Discussion and Analysis	1-13
Independent Auditor's Report on the Financial Statements	14
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities and Changes in Net Position	16
Governmental Fund Financial Statements	
Combined Balance Sheet - Governmental Funds	17-18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19-20
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Budgetary Comparison Financial Statements	
Budgetary Comparison Statement-Townwide General Fund	23-24
Budgetary Comparison Statement-Town Outside Village General Fund	25-26
Budgetary Comparison Statement-Town Outside Village Highway Fund	27-28
Budgetary Comparison Statement-Library Fund	29
Budgetary Comparison Statement-Fire Protection Fund	30
Notes to the Financial Statements	31-60
Additional Report Required by Government Auditing Standards	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit on Financial Statements Performed in Accordance with Government Auditing Standards	61-62
Supplementary Information	
Revenue Comparison Graph	63
Expenditure Comparison Graph	64



TOWN OF MALTA

Saratoga County

2540 Route 9
Malta, NY 12020

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

To the Members of the Town Board and Town Residents
Town of Malta, New York

The accompanying management discussion and analysis of the Town of Malta's ("the Town") financial performance has been prepared to provide an overview of the Town's financial activities for the fiscal year ended December 31, 2012. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Substantially completed construction of the Luther Forest Technology Campus ("LFTC") recreational field complex, which is a combination of soccer and softball fields. As of December 31, 2012 \$1,663,000 had been incurred on this \$1,732,000 capital project which is funded with a \$1,000,000 contribution from GlobalFoundries and recreation fees.
- The Town experienced economic growth in 2012 as a result of the continued construction at the GlobalFoundries site, completion of renovations at the Malta Mall with the grand opening of a Hannaford Supermarket, and the commencement of construction of an urgent care facility and other commercial development along Route 9. In relation to this growth the Town received mitigation fees to offset project impacts to traffic, recreation and open space.
- Construction commenced on the \$2,840,000 Highway Garage Project of which \$349,000 had been incurred as of December 31, 2012. Using available reserves and net assets, the Town will borrow \$680,000 in 2013 to finance the remainder of this project.
- Substantially completed the connection of the Zim Trail to the LFTC Trails of which \$1,037,000 had been incurred on the total project cost of \$1,141,000.
- Total Town revenues generated in 2012 were \$11,005,000 compared to total governmental activity costs of \$11,222,000.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

USING THIS FINANCIAL REPORT

This financial report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities and Changes in Net Position provide information about the activities of the Town as a whole and present a comprehensive view of the Town's finances. Fund Financial Statements have also been included for the Town's governmental activities which provide information on how services were financed in the short term as well as what remains for future spending. These fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Budgetary comparison statements have also been included for the Town's significant governmental funds.

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is "Has the Town's financial condition as a whole improved or declined as a result of the year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position provide information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. You can think of the Town's net assets -- the difference between assets, what the citizens own, and the liabilities, what the citizens owe, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider the other nonfinancial factors, however, such as changes in the Town's property and sales tax base, population, the local economy, and the condition of the Town's capital assets (roads, buildings, parks) to assess the overall health of the Town.

The Town also recognizes four competing needs which must be balanced to in order to be successful:

- The Town must provide quality services to our residents
- The Town must maintain public facilities and infrastructure
- The Town must recruit and retain competent employees
- The Town must maintain fiscal integrity

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

USING THIS FINANCIAL REPORT, continued

All four are as equally important as the other, therefore neglecting any one or placing more importance on another will negatively impact the Town's overall goals. In order to ensure the fiscal strength of the Town while at the same time limiting the accumulation of fund balance so that service, maintenance and personnel issues can be addressed, the Town will attempt to maintain an amount equivalent to at least two (2) months of general operating expenditures as unreserved fund balance, but also taking into account anticipated future capital improvements and repairs (ie, road infrastructure improvements). In the event of an emergency situation or due to legislative mandates that materially effects the Town's financial operations, the Town might need to reduce the unrestricted fund balance below the targeted minimum, but the Town will attempt to replenish these amounts within the next two fiscal years.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The Town reports its operations using governmental funds. Some of these funds are required to be established by State law and others are established by the Town Board to help it control money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town uses a Townwide General Fund, a Town Outside Village General Fund, a Town Outside Village Highway Fund, a Fire Protection Fund, a Library Fund, a Water Supply Fund, Sewer District Funds, Lighting District Funds and Capital Projects Funds to account for its various financial resources. These governmental funds focus on how monies flow into and out of those funds and the balances left at year-end that are available for spending. Governmental funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, ie., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Town as Trustee

The Town is the trustee, or fiduciary, for assets that belong to others. The Town is responsible for ensuring that the assets reported in these trust funds are used for their intended purposes. A volunteer firefighter's' service award program is the Town's primary fiduciary fund.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE

Net Position

The Town's total net position increased from \$58.1 million a year ago to \$58.5 million this year. Our analysis below focuses on the net assets of the Town's governmental activities.

Net Position (in Thousands)	<u>2011</u>	<u>2012</u>
Current assets	\$ 4,665	\$ 4,944
Noncurrent assets, primarily restricted cash and investments	7,732	8,216
Capital assets, net of depreciation	<u>51,006</u>	<u>51,440</u>
Total assets	<u>\$63,403</u>	<u>\$64,600</u>
	<u>2011</u>	<u>2012</u>
Current liabilities	\$ 1,496	\$ 1,993
Long-term liabilities	<u>3,812</u>	<u>4,148</u>
Total liabilities	<u>\$ 5,308</u>	<u>\$ 6,141</u>
Net position:		
Invested in capital assets	\$47,955	\$48,515
Restricted	3,957	4,515
Unrestricted	<u>6,183</u>	<u>5,429</u>
Total net position	<u>\$58,095</u>	<u>\$58,459</u>

Total net position of the Town, including contributed infrastructure, increased by \$364,000 or by 0.62%. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements decreased by \$754,000 which is mainly attributable to the start of the new highway garage. Restricted net assets, those restricted mainly for capital projects and special purposes such as parks, open space, highway equipment, buildings and tax stabilization had a net increase of

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

\$558,000 primarily due to continued construction of LFTC recreational field complex and the commencement of construction of the new highway garage.

Financial Ratios

Financial ratios are used to assess the financial stability of the Town over an extended period of time. The ratios of working capital and days cash and investment in reserve demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets demonstrate the fact the Town has not financed its working capital and days cash and investment in reserve with an increasing proportion of debt.

"Working Capital" is the amount by which current assets exceed current liabilities. The "Current Ratio", which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

	(financial ratios in thousands)	
	<u>2011</u>	<u>2012</u>
Working Capital	\$3,170	\$2,951
Current Ratio	3.12	2.48

"Days Cash and Investments in Reserve" represents the number of days that normal operations could continue with no revenue collection. "Liabilities to Net Assets" indicates the extent of borrowing.

	<u>2011</u>	<u>2012</u>
Days Cash and Investments in Reserve	99	86
Liabilities to Net Assets	9.14	9.51

Statement of Activities

To aid in the understanding of the Statement of Activities and Changes in Net Position some additional explanation is needed. Particularly, the format is significantly different than the typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is net (expense)/revenue. The reason for this kind of format is to highlight

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

the relative financial burden of each function on the Town's taxpayers or if it is self-financing through fees and grants. Some of the individual revenue items reported for each function are as follows:

General Government	Traffic Fines, Permits, Fees, Court and School Assessment Aid
Transportation	CHIPS Capital Grants, Multi-Modal State Aid, Legislative State Aid, Emergency Management Aid, Developer Contributions and Fuel Charges
Culture and Recreation	Parks and Youth Grants, Developer Recreation Fees, Mitigation Fees, Recreation Program Fees and Contributions
Home and Community Services	Building and Planning Fees, Sewer Charges, Planning Grants and Mitigation Fees

All other governmental revenues are reported as general revenues. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

The table below focuses on the changes in net assets (in thousands) of the Town's governmental activities.

	<u>2011</u>	<u>2012</u>
Revenues		
Fees, fines and charges for services	\$2,893	\$ 2,357
Operating grants and contributions	212	95
Capital grants and contributions	453	1,681
Property taxes	1,416	1,918
Franchise taxes	157	161
Sales taxes	3,753	4,124
Mortgage taxes	467	529
State aid	26	26
Use of money and property	127	89
Disposal of property	14	25
Total revenues	<u>9,518</u>	<u>11,005</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

	<u>2011</u>	<u>2012</u>
Expenses		
General government	1,681	1,568
Public safety	1,406	1,632
Health	397	401
Transportation	3,761	3,868
Economic assistance	15	23
Culture and recreation	1,680	1,732
Home and community service	<u>2,417</u>	<u>1,998</u>
Total expenses	<u>11,357</u>	<u>11,222</u>
 Decrease in net position	 <u>\$ (1,839)</u>	 <u>\$ (217)</u>

The Town's total revenues increased by 16% (\$1,487,000) as the Town's total expenses decreased by 1% (\$135,000). Significant factors resulting in these changes are as follows:

- Fees, fines and charges for services decreased primarily due to a decline in escrowed developer project engineering and inspection fees collected relating to ongoing development in the Town of approximately \$504,000.
- As a result of the Townwide Generic Environmental Impact Statement, approximately \$212,000 and \$685,000 in mitigation fees were received in 2011 and 2012 respectively to mitigate new development impacts to traffic, recreation and open space. Fees received in 2011 were primarily attributable to the Hannaford project and projects on Route 9 and in 2012 to the Global Foundries Expansion Project, Saratoga Hospital Urgent Care Facility, Adirondack Trust, Hannaford, Maple Leaf Day, Minogues and other miscellaneous projects.
- Grants and contributions revenues vary from year to year due to the particular projects undertaken and competitiveness of available grant funding. Primarily the increase in capital grants and contributions is due to the Zim Smith Trail Connection Project which was in the planning stages in 2011 and was then substantially constructed in 2012 (\$81,000 in state aid in 2011 compared to \$917,000 in 2012.) In 2011 the Town was eligible for disaster aid of approximately \$112,000 relating to Hurricane Irene compared to \$10,000 in 2012 which has been reflected in operating grants and contributions.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

- Property taxes increased by \$502,000 or 35% as a result of increases in fire protection services contracts, as the Town continues to fund capital and operating needs as identified in the fire protection master plan, and the public approved library referendum which provided the library with funding of \$291,000.
- Sales tax revenue increased in 2012 by \$371,000 or 10 % due to an upswing in the economy.
- In 2012 the Town's share of mortgage tax increased from \$467,000 in 2011 to \$529,000 due to positive economic growth and continuing low interest rates. (Town's annual 10 year average - \$675,000.)
- Engineering consulting services, primarily relating the GlobalFoundries Project, continue to be a major expense of the Town (\$967,000 in 2012 and \$1,471,000 in 2011). These costs, which are reflected as home and community expense, are reimbursed by developers through Town managed escrow accounts.
- Other additional factors contributing to the increase in expenses are increasing retirement contribution rates and health insurance premiums. Additionally, the Town's estimated cost of post employment health benefits on an annual basis is approximately \$580,000.

The Town's Funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$11.2 million, which is above last year's total of \$11.0 million. The combined fund balance of \$11.2 million includes \$ 7.4 million of restricted and committed funds for such items as open space protection, parks, highway equipment, buildings, road projects, mitigation projects, capital projects and tax stabilization. The Town has also assigned \$551,000 of its fund balance towards the Town's post employment health insurance obligation. With prudent spending and sound budgeting techniques, the Town has been able to minimize the fluctuation in the Town's fund balances, however the Town did commence construction of a new Town Highway Garage which was funded with \$1,100,000 from reserves and assigned fund balances, \$880,000 from unassigned fund balance, \$680,000 from the issuance of debt and \$180,000 in budgetary operating transfers.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

The following schedule presents a summary of the combined statement of revenues and expenditures of the Town's governmental funds for the fiscal years ended December 31, 2011 and 2012.

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2011</u>	<u>2012</u>
Revenues		
Real property taxes	\$ 1,416	\$ 1,918
Non-property tax items	3,910	4,284
Departmental income	2,692	2,530
Fines and forfeitures	354	387
State and federal aid	806	1,639
Other general revenues	<u>376</u>	<u>261</u>
Total revenues	<u>\$ 9,554</u>	<u>\$11,019</u>
Program Expenditures		
General government support	\$ 1,334	\$ 1,630
Public safety	1,400	1,624
Health	396	399
Transportation	1,711	1,968
Economic assistance	15	23
Culture and recreation	2,359	2,253
Home and community	2,152	1,719
Employee benefits	847	892
Debt Service	<u>256</u>	<u>256</u>
Total expenses	<u>\$10,470</u>	<u>\$10,764</u>

The Town's total fund revenues increased by 15.3% (\$1,465,000) in 2012 while the Town's total fund expenditures increased by 2.8 % (\$294,000). The significant factors resulting in these changes are as follows:

- Sales tax increased 10% in 2012 as discussed previously.
- The Town increased the fire protection tax levy as a result of increases in fire protection services contracts as the Town continues to fund capital and operating needs as identified in the fire protection master plan and the public approved library referendum which provided the library funding of \$291,000.
- In 2012 the Town incurred approximately \$915,000 to substantially complete

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

construction of the Zim Smith Trail Connection Project which was funded with a NYS Multi-Modal grant.

- Approximately \$1,379,000 was incurred in 2011 for the construction of the LFTC recreational field complex compared to \$285,000 in 2012.
- Approximately, \$62,000 was expended in 2011 for Town facility master planning and the proposed Highway Garage Expansion project. In 2012 the new Highway Garage proceeded to final design, bid and actual construction with \$349,000 being incurred.
- As discussed previously engineering consulting services, primarily relating the GlobalFoundries Project, continue to be a major home and community type expenditure of the Town (\$967,000 in 2012 and \$1,471,000 in 2011).
- GlobalFoundries contested their tax assessment for 2010 and 2011. The Town engaged counsel and experts to defend the assessment value and a portion of these services are reimbursed from two local school districts. The Town incurred approximately \$148,000 and \$81,000, in 2011 and 2012 respectively, to defend these assessments.

Budgetary Highlights:

Over the course of the year, the Town Board revised the Town's budget numerous times. These budget amendments fall into three categories. The first category includes amendments for encumbrances that are carried forward from the prior year. The second category includes changes that the Town Board approves between intradepartment line items and between departments line items for unforeseen expenditures and to prevent budget overruns. Finally, the Town provides for the appropriation of unappropriated cash surplus, unanticipated revenues and reserve funds.

In 2012 Town amended it's budget for the following significant transactions:

- Authorized supplemental appropriations of \$1,048,000 and related developer contributions for inspection services relating to the construction of the GlobalFoundries nanotechnology facility and other development projects in the Town.
- Authorized highway equipment purchases of \$20,000 from the highway fund balance and \$100,000 from the highway equipment reserve
- Reallocated property taxes and related PILOT payments for library services to newly established library fund - \$291,000

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

THE TOWN AS A WHOLE (continued)

- Established the new highway garage capital project with transfers from the Town-wide General fund \$2,160,000 including the reallocation of sales tax revenues
- Authorize purchase of maintenance equipment for the LFTC Park from parks reserve of \$50,000
- Authorized \$73,000 transfer relating to GEIS mitigation fees for Community Center debt service.
- Decrease Townwide General fund operating transfer revenues by \$100,000 due to the Community Center capital project that was closed in 2012
- Authorize decrease in highway appropriations for overestimated Hurricane Irene clean-up and repairs \$15,000
- Amended 2012 Adopted Budget for 2011 encumbrances \$745,000

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2012, the Town had \$76.8 million invested in a broad range of capital assets, including land and improvements, buildings and improvements, infrastructure, and equipment,

Capital Assets at Year-end

	(In Thousands)	
	<u>2011</u>	<u>2012</u>
Land	\$ 2,121	\$ 2,115
Land improvements	1,884	3,256
Buildings and improvements	9,542	9,500
Infrastructure	54,712	55,780
Equipment	4,015	4,584
Work in progress	<u>1,614</u>	<u>1,522</u>
Totals	<u>\$73,888</u>	<u>\$76,757</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Current year's major additions included (in thousands):

Purchase of highway and other equipment	\$ 408
Resurfacing and reconstruction of Town roads	500
Park and trail planning and construction	1,283
New highway garage	349
Infrastructure dedicated to Town from local developers	<u>815</u>
	<u>\$ 3,355</u>

Major capital projects and acquisitions planned for 2013 are as follows (in thousands):

Highway garage expansion project	\$ 2,491
Road resurfacing projects	\$ 704

The Town's intention is to finance the majority of these and future capital projects with current budgetary appropriations, existing capital reserves and unappropriated fund balance, mitigation fees, and grants except for a portion of the Highway Garage Expansion project (\$680,000) which the Town bonded in January 2013.

Debt:

The Town's debt policy and State law limits the amount of general obligation debt that the Town can issue to 7% of the average full value assessment of all taxable property within the Town over the last five years. In 2008 the Town issued \$3,400,000 in serial bonds to finance a portion of the community center expansion project. These twenty year bonds bear interest at 3.915% and as of December 31, 2012 \$2,925,000 in bonds were outstanding. In order to perform the necessary improvements to Downtown Sewer District #1, the Sewer District issued bonds in 2005 in the amount of \$100,000 bearing interest at 4% which were purchased by the Town's Highway Capital Equipment Reserve. As of December 31, 2012, \$30,000 in bonds were outstanding relating to this project. In January 2013 the Town issued \$680,000 in serial bonds to finance a portion of the cost of the new highway garage project. These 10 year bonds bear interest ranging from .70% to 2.40%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the 2013 budget and tax rates. One of those factors is the economy. The Town is poised to experience growth at a nominal pace both from a commercial and residential standpoint due to the on-going

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, (continued)

Forest Technology Campus. Property assessments for fire protection increased from 1,933 million in 2012 to 2,187 million in 2013 primarily due to the nano-technology facility. The Town estimates its population has grown from its 2010 census count of 14,765.

These factors, along with national and regional trends, were taken into account when adopting the Town's budget for 2013. Projected 2013 estimated revenues were \$8.6 million as compared to \$8.5 million in the adopted 2012 budget. A general town tax levy of \$227,000 was provided to fund the library and the service award program for the volunteer ambulance workers. There will be no highway tax for the twelfth consecutive year and the Town's fire protection tax rate will remain the same at \$.8240 per thousand resulting in a levy of \$1,803,000.

Budgeted expenditures have increased from \$8.90 million to \$8.96 million which includes an annual appropriation of \$291,000 for library services as set forth in referendum approved by Town residents. The Town believes good budgeting and effective management will enable the Town to finance the programs we currently offer and offset the effect that we expect inflation to have on program costs. Included in the 2013 adopted budget are the following items:

- COLA salary increases, rising employee benefit costs and staffing changes
- Infrastructure maintenance, general road repairs and snow removal costs
- Building maintenance costs, technology improvements and miscellaneous equipment
- Park and recreation planning, improvements and maintenance
- Community planning and code enforcement
- Library services
- Contractual increases for fire protection services

If these estimates are realized, the Town's fund balance is expected to decrease by approximately \$276,000 in 2013. Except the capital projects previously identified in the Capital Asset section of this discussion, the Town has not added any new major programs or initiatives to the 2013 budget.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with an overview of the Town's financial resources and to demonstrate the Town's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the Town Comptroller's Office at the Town of Malta, 2540 Route 9, Malta, New York 12020.

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MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Board
Town of Malta, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Malta, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

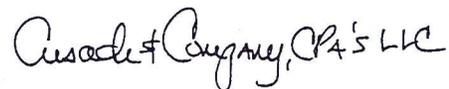
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Malta, New York as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 1-13 and 23-30 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. Additionally, management has presented revenue and expenditure comparison graphs on pages 63 to 64 as supplementary information. We have applied certain limited procedures to the required and other supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 financial statements, and other knowledge we obtained during our audit of the 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 April 11, 2013 on our consideration of the Town'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 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 entity's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 11, 2013

TOWN OF MALTA, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2012

ASSETS

Current assets:	
Cash and cash equivalents	\$2,657,800
Other receivables	513,458
State and federal receivables	910,520
Due from other governments	716,179
Due from other funds	820
Prepaid expenses	95,617
Inventory	<u>49,738</u>
Total current assets	<u>4,944,132</u>
Noncurrent assets:	
Restricted assets	
Cash, cash equivalents and investments	8,131,872
Service award	69,244
Note receivable	15,000
Capital assets, net of accumulated depreciation	
Land	2,115,084
Infrastructure and land improvements, net	39,478,387
Work in Progress	1,522,348
Buildings, property and equipment, net	<u>8,324,255</u>
Total noncurrent assets	<u>59,656,190</u>
Total assets	<u>\$64,600,322</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued liabilities	\$1,515,313
Due to other governments	235,887
Unearned revenues	85,693
Benefits payable	25,871
Current portion of bonds	<u>130,000</u>
Total current liabilities	<u>1,992,764</u>
Noncurrent liabilities:	
Benefits payable	1,353,420
Bonds	<u>2,795,000</u>
Total long-term liabilities	<u>4,148,420</u>
Total liabilities	<u>6,141,184</u>

COMMITMENTS AND CONTINGENCIES

NET POSITION

Net investment in capital assets	48,515,074
Restricted for:	
Open space, parks and recreation	1,552,991
Building	1,813,474
Transportation	497,430
Tax stabilization	374,948
Ensuing year's budget	276,391
Unrestricted	<u>5,428,830</u>
Total net position	<u>58,459,138</u>
Total liabilities and net position	<u>\$64,600,322</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Fees, Grants and Contributions</u>	
General Government	\$ 1,568,298	\$ 469,898	\$ 7,081	\$ -	\$ (1,091,319)
Public Safety	1,632,157	-	3,660	-	(1,628,497)
Health	400,578	-	-	-	(400,578)
Transportation	3,868,128	166,198	12,468	1,310,924	(2,378,538)
Economic assistance	22,827	-	3,475	-	(19,352)
Culture and recreation	1,731,808	260,055	5,105	370,027	(1,096,621)
Home and community services	<u>1,998,474</u>	<u>1,460,720</u>	<u>63,750</u>	<u>-</u>	<u>(474,004)</u>
Total governmental activities	<u>\$11,222,270</u>	<u>\$2,356,871</u>	<u>\$ 95,539</u>	<u>\$1,680,951</u>	<u>(7,088,909)</u>
General revenues:					
Property taxes					1,917,570
Franchise taxes					160,750
Sales taxes					4,123,697
Mortgage taxes					529,534
State aid					25,627
Use of money and property					89,150
Disposal of property					<u>25,126</u>
Total general revenues					<u>6,871,454</u>
Change in net position					(217,455)
Net position, beginning					58,095,095
Contributed infrastructure					<u>581,498</u>
Net position, ending					<u>\$58,459,138</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
 DECEMBER 31, 2012

	Townwide <u>General</u>	Town		Town		Total Combined <u>General</u>	Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
		Outside Village <u>General</u>	Outside Village <u>Highway</u>	Outside Village <u>Highway</u>	Combined <u>General</u>						
Cash and cash equivalents	\$43,328	\$753,544	\$433,612	\$1,230,484	\$10,138	\$44,680	\$135,483	\$9,694	\$1,430,479		
Other receivables	291,402	218,742	125,249	\$635,393	-	31,059	21,000	-	687,452		
State and Federal receivables	131,250	575	250	\$132,075	-	-	778,445	-	910,520		
Due from other governments	356,062	111,000	249,117	\$716,179	-	-	-	-	716,179		
Due from other funds	746,288	-	-	\$746,288	-	-	-	-	746,288		
Prepaid expenses	50,287	16,305	29,025	\$95,617	-	-	-	-	95,617		
Restricted cash, cash equivalents and investments	303,379	4,404,476	1,168,984	\$5,876,839	-	-	2,285,033	-	8,161,872		
Note receivable	15,000	-	-	\$15,000	-	-	-	-	15,000		
Inventory	3,209	-	46,529	\$49,738	-	-	-	-	49,738		
Total assets	\$1,940,205	\$5,504,642	\$2,052,766	\$9,497,613	\$10,138	\$75,739	\$3,219,961	\$9,694	\$12,813,145		

ASSETS

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
 DECEMBER 31, 2012

	Townwide General	Town Outside Village General	Town Outside Village Highway	Total Combined General	Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable and accrued liabilities	\$164,498	\$125,871	\$73,973	\$364,342	\$ -	\$21,952	\$107,641	\$2,387	\$496,322
Due to other governments	204,828	-	-	204,828	-	31,059	-	-	235,887
Unearned revenue	87,357	5,266	25,000	117,623	10,138	-	23,000	-	150,761
Due to other funds	-	-	-	0	-	-	675,631	2,101	677,732
Compensated absences	12,891	7,313	3,018	23,222	-	-	-	-	23,222
Total liabilities	469,574	138,450	101,991	710,015	10,138	53,011	806,272	4,488	1,583,924
COMMITMENTS AND CONTINGENCIES									
Fund Balances									
Nonspendable	53,497	16,305	75,554	145,356	-	-	-	-	145,356
Restricted	294,228	1,048,011	640,243	1,982,482	-	-	2,256,361	-	4,238,843
Committed	-	3,193,471	-	3,193,471	-	-	-	-	3,193,471
Assigned	40,532	1,108,405	1,234,978	2,383,915	-	22,728	157,328	5,206	2,569,177
Unassigned	1,082,374	-	-	1,082,374	-	-	-	-	1,082,374
Total fund balances	1,470,631	5,366,192	1,950,775	8,787,598	0	22,728	2,413,689	5,206	11,229,221
Total liabilities and fund balances	\$1,940,205	\$5,504,642	\$2,052,766	\$9,497,613	\$10,138	\$75,739	\$3,219,961	\$9,694	\$12,813,145

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES AND OTHER FINANCING SOURCES	Townwide		Town		Town		Total		Other		Total
	General	Outside Village	Outside Village	Highway	General	Combined	Library	Fire Protection	Capital Projects	Governmental Funds	
Revenues											
Real property taxes	\$13,669	-	-	\$-	\$13,669	\$229,333	\$1,592,341	-	-	\$5,025	\$1,840,368
Real property taxes items	15,535	-	-	-	15,535	61,667	-	-	-	-	77,202
Non-property tax items	2,358,134	378,313	1,548,000	1,548,000	4,284,447	-	-	-	-	-	4,284,447
Departmental income	258,224	2,031,697	121,235	121,235	2,411,156	-	-	-	-	119,053	2,530,209
Intergovernmental charges	66,020	-	47,380	47,380	113,400	-	3,660	-	-	600	117,660
Use of money and property	58,551	14,507	13,501	13,501	86,559	-	679	-	3,377	136	90,751
Licenses and permits	4,980	-	-	-	4,980	-	-	-	-	-	4,980
Fines and forfeitures	387,745	-	-	-	387,745	-	-	-	-	-	387,745
Sale of property and compensation for loss	23,058	1,278	9,882	9,882	34,218	-	-	-	-	-	34,218
Miscellaneous local sources	6,792	3,779	660	660	11,231	-	-	-	461	-	11,692
State aid	533,394	28,502	79,563	79,563	641,459	-	-	-	928,790	-	1,570,249
Federal aid	5,471	63,750	-	-	69,221	-	-	-	-	-	69,221
Total Revenues	3,731,573	2,521,826	1,820,221	1,820,221	8,073,620	291,000	1,596,680	932,628	124,814	11,018,742	
Other Financing Sources											
Transfers in	296,983	-	-	-	296,983	-	-	-	2,210,000	-	2,506,983
Total Revenues and Other Financing Sources	\$4,028,556	\$2,521,826	\$1,820,221	\$1,820,221	\$8,370,603	\$291,000	\$1,596,680	\$3,142,628	\$124,814	\$13,525,725	

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS, (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2012

EXPENDITURES AND OTHER FINANCING USES	Townwide		Town		Town Highway	Total		Library	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
	General	Outside Village	General	Outside Village		General	Combined					
Expenditures												
General government support	\$1,281,434	\$ -	\$ -	\$ -	1,281,434	\$ -	\$ -	\$ -	\$ -	\$348,974	\$ -	\$1,630,408
Public safety	16,074	11,170	-	-	27,244	-	1,596,259	-	-	-	-	1,623,503
Health	396,043	3,300	-	-	399,343	-	-	-	-	-	-	399,343
Transportation	136,847	16,923	-	1,808,993	1,962,763	-	-	-	-	-	5,362	1,968,125
Economic assistance and opportunity	22,827	-	-	-	22,827	-	-	-	-	-	-	22,827
Culture and recreation	504,528	163,761	-	-	668,289	291,000	-	-	-	1,293,379	-	2,252,668
Home and community services	27,378	1,584,262	-	-	1,611,640	-	-	-	-	-	107,336	1,718,976
Employee benefits	420,777	175,375	-	295,981	892,133	-	-	-	-	-	-	892,133
Debt service	244,408	-	-	-	244,408	-	-	-	-	-	11,600	256,008
Total Expenditures	3,050,316	1,954,791	2,104,974	2,104,974	7,110,081	291,000	1,596,259	1,642,353	124,298	10,763,991		
Other Financing Uses												
Transfers out	2,160,000	123,322	-	-	2,283,322	-	-	-	-	223,061	600	2,506,983
Total Expenditures and Other Financing Uses	5,210,316	2,078,113	2,104,974	2,104,974	9,393,403	291,000	1,596,259	1,865,414	124,898	13,270,974		
Revenues and Other Financing Sources												
Over (Under) Expenditures and Other Financing Uses	-1,181,760	443,713	-284,753	-284,753	-1,022,800	-	421	1,277,214	-84	254,751		
Fund Balances, Beginning	2,652,391	4,922,479	2,235,528	2,235,528	9,810,398	-	22,307	1,136,475	5,290	10,974,470		
Fund Balances, Ending	\$1,470,631	\$5,366,192	\$1,950,775	\$1,950,775	8,787,598	\$ -	\$22,728	\$2,413,689	\$5,206	\$11,229,221		

See accompanying notes and independent auditor's report

*TOWN OF MALTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2012*

	<u>SERVICE AWARD</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash and cash equivalents	\$ 21,347	\$ 50,326
Interest and other receivables	5	11,667
Investment, at fair value	<u>954,211</u>	<u>-</u>
Total assets	<u>\$ 975,563</u>	<u>\$ 61,993</u>
LIABILITIES		
Due to Other Funds	\$ -	\$ 820
Agency liabilities	<u>-</u>	<u>61,173</u>
Total liabilities	<u>\$ -</u>	<u>\$ 61,993</u>
NET POSITION		
Held in trust for service award benefits	<u>\$ 975,563</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>SERVICE AWARD</u>
ADDITIONS	
Contributions:	
Employer	\$ <u>122,000</u>
Total contributions	<u>122,000</u>
Investment earnings:	
Net increase in fair value of investments	52,706
Interest, dividends and capital gain distributions	<u>49,636</u>
Total investment earnings	<u>102,342</u>
Total additions	<u>224,342</u>
DEDUCTIONS	
Benefits	36,612
Administrative expenses	<u>13,623</u>
Total deductions	<u>50,235</u>
Changes in net position	174,107
Net position, beginning	<u>801,456</u>
Net position, ending	<u>\$975,563</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Adopted Budget	Final Budget	Actual	Adjustments (1)	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues					
Real property taxes	\$243,000	\$13,667	\$13,669	\$	\$2
Real property taxes items	71,300	9,633	15,535	-	5,902
Non-property tax items	1,805,000	1,991,438	2,358,134	-	366,696
Departmental income	308,000	308,000	258,224	-	(49,776)
Intergovernmental charges	90,300	72,800	66,020	-	(6,780)
Use of money and property	61,000	61,000	58,551	-	(2,449)
Licenses and permits	5,000	5,000	4,980	-	(20)
Fines and forfeitures	350,000	350,000	387,745	-	37,745
Sale of property and compensation for loss	2,000	2,000	23,058	-	21,058
Miscellaneous local sources	23,463	33,893	6,792	-	(27,101)
State aid	472,100	459,100	533,394	-	74,294
Federal aid	-	-	5,471	-	5,471
Total Revenues	3,431,163	3,306,531	3,731,573	-	425,042
Other Financing Sources					
Transfers in	100,600	76,922	296,983	(220,061)	0
Total Revenues and Other Financing Sources	\$3,531,763	\$3,383,453	\$4,028,556	(\$220,061)	\$425,042

(1) - Reflect closeout of Community Center Capital Project

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Adopted Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General government support	\$1,335,659	\$1,350,897	\$1,281,434	\$30,645	\$38,818
Public safety	16,133	17,833	16,074	-	1,759
Health	395,500	396,600	396,043	-	557
Transportation	151,854	160,054	136,847	6,000	17,207
Economic assistance and opportunity	17,700	23,577	22,827	-	750
Culture and recreation	892,550	579,967	504,528	4,690	70,749
Home and community services	31,000	29,900	27,378	-	2,522
Employee benefits	499,900	492,300	420,777	-	71,523
Debt service	197,970	244,408	244,408	-	-
Total Expenditures	3,538,266	3,295,536	3,050,316	41,335	203,885
Other Financing Uses					
Transfers out	-	2,160,000	2,160,000	-	-
Total Expenditures and Other Financing Uses	3,538,266	5,455,536	5,210,316	41,335	203,885
Revenues and Other Financing Sources					
Over (Under) Expenditures	(6,503)	(2,072,083)	(1,181,760)	(261,396)	628,927
Budgetary earnings and provisions for reserves	(4,000)	1,196,000	-	-	(1,196,000)
Fund balance appropriated	10,503	876,083	-	-	(876,083)
Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	\$ -	\$ -	(\$1,181,760)	(\$261,396)	(\$1,443,156)

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	Variance Favorable (Unfavorable)
REVENUES					
Non-property tax items	\$472,000	\$375,562	\$378,313	\$ -	\$2,751
Departmental income	610,900	2,094,640	2,031,697	-	(62,943)
Use of money and property	22,300	22,300	14,507	-	(7,793)
Sale of property and compensation for loss	-	5,000	1,278	-	(3,722)
Miscellaneous local sources	14,950	16,950	3,779	-	(13,171)
State aid	29,000	29,000	28,502	-	(498)
Federal aid	-	60,000	63,750	-	3,750
Total Revenues	<u>\$1,149,150</u>	<u>\$2,603,452</u>	<u>\$2,521,826</u>	<u>\$ -</u>	<u>(\$81,626)</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Adopted Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures					
General government support	\$25,000	\$ -	\$ -	\$ -	\$ -
Public safety	14,720	14,720	11,170	-	3,550
Health	3,900	3,900	3,300	-	600
Transportation	23,950	28,950	16,923	-	12,027
Culture and recreation	245,825	204,585	163,761	176	40,648
Home and community services	588,341	2,212,047	1,584,262	413	627,372
Employee benefits	221,900	232,400	175,375	-	57,025
Debt service	46,438	-	-	-	-
Total Expenditures	1,170,074	2,696,602	1,954,791	589	741,222
Other Financing Uses					
Transfers out	-	123,322	123,322	-	-
Total Expenditures and Other Financing Uses	1,170,074	2,819,924	2,078,113	589	741,222
Revenues Over (Under) Expenditures and Other Financing Uses	(20,924)	(216,472)	443,713	(589)	659,596
Budgetary earnings and provisions for reserves	(9,300)	115,122	-	-	(115,122)
Fund balance appropriated	30,224	101,350	-	-	(101,350)
Revenues Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$443,713	(\$589)	\$443,124

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE HIGHWAY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	Variance Favorable (Unfavorable)
Non-property tax items	\$1,638,000	\$1,548,000	\$1,548,000	\$ -	\$ -
Departmental income	373,710	373,710	121,235	-	(252,475)
Intergovernmental charges	40,000	40,000	47,380	-	7,380
Use of money and property	14,500	14,500	13,501	-	(999)
Sale of property and compensation for loss	10,000	10,000	9,882	-	(118)
Miscellaneous local sources	800	800	660	-	(140)
State aid	68,000	68,000	79,563	-	11,563
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Total Revenues	\$2,145,010	\$2,055,010	\$1,820,221	\$ -	(\$234,789)
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See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - TOWN OUTSIDE VILLAGE HIGHWAY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Adopted Budget	Final Budget	Actual	Adjustments Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
Transportation	\$2,127,473	\$2,305,957	\$1,808,993	\$ -	496,964
Employee benefits	344,000	300,000	295,981	-	4,019
Total Expenditures	2,471,473	2,605,957	2,104,974	-	500,983
Revenues Over (Under) Expenditures	(326,463)	(550,947)	(284,753)		266,194
Budgetary earnings and provisions for reserves	304,000	324,000	-	-	(324,000)
Fund balance appropriated	22,463	226,947	-	-	(226,947)
Revenues Under Expenditures	\$ -	\$ -	(\$284,753)	\$ -	(\$284,753)

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - LIBRARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	Variance Favorable (Unfavorable)
REVENUES					
Real property taxes	\$ -	\$ 229,333	\$ 229,333	\$ -	\$ -
Real property taxes items	-	61,667	61,667	-	-
Total Revenues	-	291,000	291,000	-	-
EXPENDITURES					
Culture and recreation	-	291,000	291,000	-	-
Total Expenditures	-	291,000	291,000	-	-
Revenues Over (Under) Expenditures	-	-	-	-	-
Fund balance appropriated	-	-	-	-	-
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - FIRE PROTECTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
REVENUES					
Real property taxes	\$1,592,340	\$1,592,340	\$1,592,341	\$ -	\$1
Intergovernmental charges	3,660	3,660	3,660	-	0
Use of money and property	1,000	1,000	679	-	-321
Total Revenues	1,597,000	1,597,000	1,596,680	-	-320
EXPENDITURES					
Public safety	1,475,000	1,475,000	1,474,259	-	741
Volunteer service award program	122,000	122,000	122,000	-	0
Total Expenditures	1,597,000	1,597,000	1,596,259	-	741
Revenues Over Expenditures	-	-	421	-	421
Fund balance appropriated	-	-	-	-	-
Revenues Over Expenditures	\$ -	\$ -	\$421	\$ -	\$421

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies

The Town of Malta, New York, (the "Town") which was established in 1802, is governed by its Town Code and other general laws of the State of New York. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting councilpersons, all elected. The Town Supervisor serves as the chief executive and fiscal officer. The Town Board has also established the Office of the Town Comptroller to assist the Town Board in management of the Town.

The Town provides various services which include public safety, fire protection and emergency services, maintenance of Town roads (including construction, repair and snow removal), street lighting, parks and recreation, a community center, library, home and community services, economic assistance and other general services. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

a) Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the Town, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement #14, #39 and #61.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB Statements including legal standing, fiscal dependency and financial accountability.

In 2010 the GlobalFoundries/Town of Malta Foundation, Inc ("Foundation") was established which had been agreed to by the Town and GlobalFoundries, US, Inc. The Foundation provides a perpetual fund, the interest earned from which will be used to provide tangible benefits of a public nature to diverse groups located in whole or in part within the Town of Malta including, but not limited to: not-for-profit corporations; charitable organizations; community arts and theater; community historical sites and events; education; and sports and recreation. The Board of Directors of the Foundation shall consist of five (5) directors to be comprised as follows: the Town Board of the Town of Malta shall designate two (2) such directors (the "**Malta Directors**");

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

Globalfoundries U.S. Inc. shall designate two (2) such directors (the “**Globalfoundries Directors**”); and, the remaining director shall be elected by majority vote of the Malta Directors and the Globalfoundries Directors; provided, however, that such director be a person who shall reside, work or own a business within the Town of Malta. The Foundation will prepare a separate financial report that includes financial statements and required supplementary information. The Foundation report may be obtained by writing to the Foundation, P.O. Box 2914, Malta, New York 12020.

Based on the application of the aforementioned criteria, the Town has determined it has no component units including the Foundation.

b) Basis of Presentation

The Town’s financial statements are presented on a government-wide, governmental fund and fiduciary fund basis in accordance with GASB Statement #34 - Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments and GASB Statement #54 - Fund Balance Reporting and Government Fund Type Definitions. As a result these financial statements include a management discussion and analysis of the Town’s overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the Town’s activities including infrastructure (roads, bridges, culverts, sewers etc.) and a change in the focus of fund financial statements to major funds.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town’s net position resulting from the current year’s activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net position and a statement of activities and changes in net position.

The statement of net position recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The Town’s net position is

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

reported in three parts - invested in capital assets; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net assets. The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the Town's programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenues include charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Town's primary program revenues are court fines, building permits, planning fees, sewer fees and recreational program charges. Revenues which are not classified as program revenues are presented as general revenues and consist primarily of property, sales and franchise taxes, investment earnings, and mortgage tax receipts.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by fund type with each major fund presented in a separate column. Non-major funds are aggregated and presented in a single column. The following funds are used by the Town:

- * Townwide General Fund - is the Towns' primary operating fund and it is used to account for all financial resources and expenditures not accounted for and reported in another fund.

- * Town Outside Village General Fund - used to account for and report the proceeds of specific revenues sources which are restricted by statute to expenditure on the area of the Town outside the Village for such as items as recreation, building and planning services other than debt service and capital projects.

- * Town Outside Village Highway Fund – used to account for and report the proceeds of specific revenue sources which are restricted by Highway Law Section 277 to expenditure for highway repairs and improvements, culverts,

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

machinery, snow removal, and miscellaneous highway related items for the area of the Town outside the Village other than debt service and capital projects.

- * Library Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of library expenditures other than debt service and capital projects.
- * Fire Protection Fund - established to account for and report the proceeds of specific revenues sources which are restricted for fire protection expenditures other than debt service and capital projects.
- * Water Supply Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of water supply expenditures other than debt service and capital projects.
- * Lighting District Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of lighting expenditures other than debt service and capital projects for the Rosebay/Larkspur, Rum Cherry, Ermine Lair and Burton Meadows Lighting Districts.
- * Sewer District Fund - established to account for and report the proceeds of specific revenues sources which are restricted for the purpose of sewer expenditures other than capital projects for a portion of the Downtown area and the southern portion of the Town, generally known as the Malta Downtown Sewer District #1 and Malta Sewer District #2, respectively.
- * Capital Projects Fund - The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects ongoing as of December 31, 2012 relate to recreational improvement projects and a new highway garage.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements include a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The Town has the following fiduciary funds:

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

- * Service Award - established to account for the assets of the Town's Volunteer Firefighter Service Award Program.

- * Agency - established to account for the assets held in trust by the Town.

c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property, sales, franchise, and mortgage taxes, fines, grants and donations. On an accrual basis, revenue from nonexchange transactions is recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenues from grant and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in Note 9 to the financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable except that principal and interest on indebtedness are not recognized as expenditures until paid. Capital assets are recorded as expenditures and depreciation is not recorded.

Allocations of costs are not recognized in the governmental funds. In applying the susceptible-to-accrual concept under the modified accrual basis, the Town considers all revenues available if they are collected within six months of the year end and are available to pay obligations of the current period.

For reimbursements due for State and Federal Aid funded projects, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax revenue item is sales tax which is recorded as revenue when it is received by the County from the State and available for distribution to the Town. Sales tax revenue is allocated to the Townwide General fund, the Town Outside Village General fund and the Town Outside Village Highway fund based upon the Town's adopted budget.

d) Budgetary Data

General Budget Process - Prior to October 1 of each year, the Budget Officer submits to the Town Clerk and the Town Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to November 20, the budget is adopted by the Town Board. The Town Board must approve all modifications of the budget. For year end financial reporting, adjustments are made to actual results to conform to modified budget classifications and reflect year end encumbrances.

Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

e) Accounts Receivable

Accounts receivable are carried at original amount due less an estimated made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines if an allowance for doubtful accounts is needed by identifying troubled accounts and by using historical experience applied to an aging of accounts as well as regularly evaluating individual receivables and considering financial condition, credit history, and current economic conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Management has deemed that an allowance for doubtful accounts of \$256,000 is necessary at December 31, 2012 relating to the agreement between the Town and Luther Forest Technology Campus Economic

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

Development Corporation for the current and long-term maintenance of the roads and related amenities within the Campus. An allowance for doubtful accounts has also been established for outstanding court fines of \$126,000 as of December 31, 2012.

f) Inventory and Prepaid Items

Inventory, consisting of salt, gasoline and books, is valued at the lower of cost, (first-in, first-out method) or market.

Payments to vendors for costs such as insurance, retirement and memberships that apply to future accounting periods are recorded as prepaid assets.

g) Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair market value at the time received. Infrastructure such as roads and streets, including related drainage systems, sewage collection systems and Town owned bridges and culverts are capitalized.

Capital assets with a minimum depreciable base of \$5,000 are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 10 to 30 years, land improvements - 15 to 20 years, infrastructure - 12 to 30 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

h) Revenue Recognition - Property Taxes

Taxes for Town purposes are based on Town budget requirements. Taxes are collected by the Town until April 1, at which time all unpaid taxes are returned to the County and the County reimburses the Town for the Town's share of uncollected taxes. The following calendar pertains to Town real property taxes:

Valuation date	January 1
Taxable status date	March 1

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

Exemption filing deadline	March 1
Final roll filed	July 1
Date taxes due	January 1
Date penalty period begins	February 1

i) Compensated Absences

Town employees are granted vacation, personal and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave at their current rate of pay. The liability for accumulated vacation and related benefits has been recorded in accordance with GASB Statement #16. No payment is made for accumulated personal or sick leave, therefore no liability has been recorded.

j) Fund Balances

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractual required to be maintained intact.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that that are legally mandated to be accounted for separately as well amounts that have been contractually obligated by the Town or designated by the Town Board for ensuring year's budget or for a specific purpose.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

For projects undertaken by the Town that have resources available from multiple sources and categories, resources are first spent from the highest constraint level possible.

The Town also recognizes four competing needs which must be balanced to in order to be successful:

- The Town must provide quality services to our residents
- The Town must maintain public facilities and infrastructure
- The Town must recruit and retain competent employees
- The Town must maintain fiscal integrity

All four are as equally important as the other, therefore neglecting any one or placing more importance on another will negatively impact the Town's overall goals. In order to ensure the fiscal strength of the Town while at the same time limiting the accumulation of fund balance so that service, maintenance and personnel issues can be addressed, the Town will attempt to maintain an amount equivalent to at least two (2) months of general operating expenditures as unreserved fund balance, but will also take into account anticipated future capital improvements and repairs (ie, road infrastructure improvements). In the event of an emergency situation or due to legislative mandates that materially effects the Town's financial operations, the Town may need to reduce the unrestricted fund balance below the targeted minimum, but the Town will attempt to replenish these amounts within the next two fiscal years.

k) Contributed Infrastructure

Road infrastructure and parkland improvements that have been determined to be in compliance with the Town's Code are accepted by the Town from developers.

Additionally, the Town is obligated by law to accept and assume ownership of abandoned sewer systems: This infrastructure is recorded at estimated fair value and reflected as contributed infrastructure in the statement of activities.

l) Estimates

The preparation of financial statements in conformity 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.

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 1 Summary of Significant Accounting Policies, continued

m) Subsequent Events

The Town has evaluated subsequent events or transactions occurring through March 27, 2013, the date the financial statements were available to be issued. (See Note 18)

Note 2 Credit Risk, Concentration of Credit Risk and Interest Rate Risk

The Town's written investment policy was adopted by the Town Board and is governed by State statutes. Town 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, certificates of participation, obligations of the Town but only with monies in a reserve fund. Collateral is required for demand accounts and certificate of deposits at 100 percent of all deposits not covered by federal deposit insurance.

The Volunteer Firefighter Service Award Program is governed by a separate investment policy adopted by the Town Board. Both the Town Board and the Village of Round Lake Board are responsible for the investment of the Service Award Program's assets in accordance with the investment policy. Service award program contributions may be invested in the following types of investments: money market accounts, obligations of the United States of America, obligations of agencies of the United States of America, mutual funds investing in any type of fixed income investments, mutual funds or trusts investing in stocks of United States Companies considered blue chip stocks, allowed to include Mid Cap, Small Cap, Global, International and other categories at the discretion of the Town and the Village.

As of December 31, 2012 the Town had the following investments:

Service Award Program

Money Funds	\$ 21,347
International Equities (Cost Basis \$42,133)	49,191
Fixed Income (Cost Basis \$547,975)	619,730
Mixed Assets (Cost Basis \$245,404)	<u>285,295</u>
Total	<u>\$ 975,563</u>

The Volunteer Firefighter Service Award Program fund investments were not covered by Federal Depository Insurance nor collateralized and thus exposed to custodial credit risk. All mutual funds had a Morningstar Associates rating of 3 or higher.

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 3 Restricted Assets

Restricted assets consist of cash, certificates of deposit, sewer bonds and related receivables:

<u>Fund</u>	<u>Restricted Balance</u>	<u>Restriction</u>
Townwide General	\$ 171,893	Tax Stabilization
	4,216	Land Acquisition
	120,157	Debt Service
	4,935	Post Employment Health Insurance
	<u>2,178</u>	Building
	<u>303,379</u>	
 Town Outside Village General	 60,243	 Tax Stabilization
	3,193,471	Mitigation
	162,994	Post Employment Health Insurance
	225,016	Open Space
	<u>762,752</u>	Park
	<u>4,404,476</u>	
 Town Outside Village Highway	 142,814	 Tax Stabilization
	87,326	Road Improvements
	58,183	LFTC Campus
	383,231	Post Employment Health Insurance
	272,660	Highway Equipment Reserve
	<u>224,770</u>	Culvert Repair Capital Reserve
	<u>1,168,984</u>	
 Capital Projects	 457,429	 Parks
	<u>1,827,604</u>	Highway Garage
	<u>2,285,033</u>	
 Total restricted assets	 <u>\$8,161,872</u>	

In 2005 the Town invested \$100,000 of highway equipment reserve funds in bonds for Sewer District #2 improvements. The Town Board established an interest rate of 4% for these bonds dated 2006–2015. This interfund borrowing of \$30,000 as of December 31, 2012 and related interest has been eliminated in the preparation of the statement of net position.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 4 Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers &</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Land	\$ 2,121,584	\$ 1,500	\$ -	\$ 8,000	\$ 2,115,084
Land Improvements	1,884,206	-	1,538,982	167,541	3,255,647
Work in Progress	1,614,008	1,629,618	(1,721,278)	-	1,522,348
Buildings	9,542,189	-	-	41,571	9,500,618
Infrastructure	54,711,797	1,314,690	-	246,804	55,779,683
Equipment	<u>4,014,622</u>	<u>408,914</u>	<u>182,296</u>	<u>21,948</u>	<u>4,583,884</u>
	<u>\$73,888,406</u>	<u>\$3,354,722</u>	<u>\$ -</u>	<u>\$485,864</u>	<u>\$76,757,264</u>
Less Accumulated <u>Depreciation:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers &</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Buildings	\$ 2,698,753	\$ 313,402	\$ -	\$ 8,656	\$ 3,003,499
Improvements	743,755	154,339	-	33,640	864,454
Infrastructure	16,893,836	1,976,725	-	178,072	18,692,489
Equipment	<u>2,546,544</u>	<u>232,152</u>	<u>-</u>	<u>21,948</u>	<u>2,756,748</u>
	<u>22,882,888</u>	<u>2,676,618</u>	<u>-</u>	<u>242,316</u>	<u>25,317,190</u>
Net capital assets	<u>\$51,005,518</u>	<u>\$ 678,104</u>	<u>\$ -</u>	<u>\$(243,548)</u>	<u>\$51,440,074</u>

Work in progress consists primarily of the construction of a trail connection and the construction of a highway garage.

Depreciation was charged to the following functions:

General Government	\$ 57,811
Transportation	2,146,025
Culture and Recreation	458,978
Public Safety	6,832
Home and Community Services	<u>6,972</u>
Total depreciation expense	<u>\$2,676,618</u>

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 6 Noncurrent Liabilities

Noncurrent liabilities represent \$3,400,000 in General Obligation Serial Bonds issued September 2008 for the Community Center expansion with interest at 3.915% with a final maturity of 2028.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u> <u>Balance</u>
General obligation serial bonds	<u>\$3,050,000</u>	<u>\$ -</u>	<u>\$125,000</u>	<u>\$2,925,000</u>

The Town's future bond debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2013	\$ 130,000	\$ 114,514	\$ 244,514
2014	\$ 135,000	\$ 109,424	\$ 244,424
2015	\$ 140,000	\$ 104,139	\$ 244,139
2016	\$ 150,000	\$ 98,658	\$ 248,658
2017	\$ 155,000	\$ 92,786	\$ 247,786
2018-2022	\$ 885,000	\$ 367,619	\$1,252,619
2023-2027	\$1,085,000	\$ 178,720	\$1,263,720
2028	<u>\$ 245,000</u>	<u>\$ 9,592</u>	<u>\$ 254,592</u>
Total	<u>\$2,925,000</u>	<u>\$1,075,452</u>	<u>\$4,000,452</u>

Note 7 Unearned Revenue

Unearned revenue consists of developer contributions and insurance proceeds towards future capital projects (\$53,266), taxes levied in excess of the property tax cap (\$10,138) and community center program and rental fees not considered available (\$22,289).

Note 8 Fund Balances

	<u>Townwide</u> <u>General</u>	<u>Town</u> <u>Outside Village</u> <u>General</u>	<u>Town</u> <u>Outside Village</u> <u>Highway</u>	<u>Fire</u> <u>Protection</u>	<u>Capital</u> <u>Projects</u>	<u>Other</u>	<u>Total</u>
Nonspendable:							
Inventory	\$ 3,210	\$ -	\$ 46,529	\$ -	\$ -	\$ -	\$ 49,739
Prepaid	50,287	16,305	29,025	-	-	-	95,617
Restricted for:							
Tax Stabilization	171,893	60,243	142,814	-	-	-	374,950
Building	2,178	-	-	-	1,811,295	-	1,813,473
Equipment	-	-	272,659	-	-	-	272,659
Culverts	-	-	224,770	-	-	-	224,770
Open Space	-	225,016	-	-	371,594	-	596,610
Recreation	120,157	762,752	-	-	73,472	-	956,381
Committed for:							
Mitigation	-	3,193,471	-	-	-	-	3,193,471
Assigned to:							
2012 Budget	31,381	76,030	168,900	-	-	80	276,391
Health Insurance	4,935	162,994	383,231	-	-	-	551,160
Part-town Activities	-	869,381	-	-	-	-	869,381

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 8

Fund Balances, continued

Highway	-	-	624,664	-	116,516	-	741,180
LFTC Campus	-	-	58,183	-	-	-	58,183
Land Acquisition	4,216	-	-	-	-	-	4,216
Recreation	-	-	-	-	40,812	-	40,812
Lighting	-	-	-	-	-	3,007	3,007
Sewer	-	-	-	-	-	2,119	2,119
Fire Protection	-	-	-	22,728	-	-	22,728
Unassigned	<u>1,082,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,082,374</u>
Total	<u>\$1,470,631</u>	<u>\$5,366,192</u>	<u>\$1,950,775</u>	<u>\$22,728</u>	<u>\$2,413,689</u>	<u>\$5,206</u>	<u>\$11,229,221</u>

Nonspendable

Inventory – represents amounts equivalent to the amount of inventory on hand which is not considered to be in spendable form.

Prepaid – represent amounts equivalent to prepaid expenditures which are not considered in spendable form.

Restricted

Tax Stabilization Reserve - Pursuant to General Municipal Law, Section 6-e, the Town has established a Contingency and Tax Stabilization Reserve.

Recreation Town-wide General – Remaining monies from the Community Center Expansion Project which will be used to towards the payment of the bonds issued for the project.

Building Capital Reserve – Pursuant to General Municipal Law, Section 6-c, the Town has established a Building Capital Reserve to finance the cost of future Town building improvement projects and the new highway garage.

Highway Equipment Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established a highway equipment reserve.

Culvert Repair Capital Reserve - Pursuant to General Municipal Law, Section 6-d, the Town has established a culvert repair capital reserve.

Open Space Capital Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established an Open Space Capital Reserve to finance the acquisition, development, preservation and protection of open spaces, agricultural lands, water resources, trails, plant and wild life habitat, scenic views and vistas located within the Town including their development rights.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 8 Reserved Fund Balances, continued

Recreation Town Outside Village General - Pursuant to General Municipal Law, Section 6-c, the Town has established a Park Capital Reserve for purpose of providing sufficient, well-located, active and passive recreational opportunities for Town residents.

Open Space Capital Project – Monies transferred from the Open Space Reserve to a capital projects fund to develop Towns lands along Round Lake as a park.

Recreation Capital Project – Contributions specifically designated combined with monies allocated from recreation mitigation fees in a capital projects fund for the further development of the LFTC recreational field complex.

Committed

Mitigation – Monies obligated for mitigation associated with future land development as a result of Town Board adopted SEQR determination. The balance of these mitigation funds as of December 31, 2012 were visual \$1,106,360, recreation \$1,266,567, open space \$33,165, traffic \$694,659 and planning \$92,720.

Assigned

Health Insurance – Monies designated by Town Board resolution toward the Town’s post-employment health care benefit obligation.

Luther Forest Technology Campus (“LFTC”) – Monies assigned for highway related expenditures for the roads within the LFTC project pursuant to planned development legislation and associated agreements.

Land Acquisition – Monies assigned for brush control land acquisition.

Significant Encumbrances

The Town has significant encumbrances outstanding at year end relating to the construction of a new highway garage for \$2,428,600 and relating to the construction of a trail connection \$80,700. Additionally, the Town has outstanding contracts with an engineering firm relating to the construction design review and inspection of the GlobalFoundries project in the amount of \$919,000 which will be funded with a developer escrow account.

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 9

Reconciliation of Governmental Fund Balances to Net Position and Net Changes in Fund Balances – Total Government Funds to Change in Net Position of Governmental Activities

The “total fund balances” of the Town’s governmental fund balances differs from the “net position” of governmental activities reported in the statement of net position primarily due to differences from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Reconciliation of governmental fund balances to net position:

Governmental fund balances	\$ 11,229,221
Reflect capital assets net of accumulated depreciation	51,440,074
Eliminate interfund investment for sewer improvements	(30,000)
Reflect outstanding bonds	(2,925,000)
Record Post Employment liability	(1,353,420)
Recognize unearned fine revenues and accrued interest	29,019
Reflect volunteer service award programs	<u>69,244</u>
Government activities net position	<u>\$ 58,459,138</u>
Net changes in fund balances – total government funds	\$ 254,751
Capitalize capital assets acquisitions and improvements	2,538,768
Record depreciation expense, net	(2,676,618)
Reflect loss on disposal of fixed assets	(9,092)
Payments on Community Center bonds	125,000
Recognize other post employment benefits expense	(466,443)
Recognize accrued and prepaid expense, interfund debt service and deferred revenues	<u>16,179</u>
Change in net position of governmental activities	<u>\$ (217,455)</u>

Capital assets that are to be used in governmental activities that are purchased or constructed are reported as expenditures in governmental funds. However, the statements of net position includes those capital assets of the Town as a whole and the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense in the statement of activities as well as the gain or loss on the disposal of the fixed assets.

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 9 Reconciliation of Governmental Fund Balances to Net Position and Net Changes in Fund Balances – Total Government Funds to Change in Net Position of Governmental Activities, continued

Non-current liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly not reported as fund liabilities. All liabilities, both current and non-current are reported in the statement of net position including other post employment benefits. Repayment of bond principal is reported as an expenditure in governmental funds, but for the Town as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Note 10 Retirement Benefits

Plan Description

The Town participates in the New York State and Local Employees' Retirement System and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide 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 Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of the funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. The Systems report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined after July 27, 1976 who contribute 3% of their salary for the first ten years of membership in the System 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 annually certifies the rates expressed used in computing the employers' contributions. The Town's required contributions for the current year and two preceding years, which represent 100% of the contributions required for each year, were as follows:

	<u>Contribution</u>
2012	\$315,649
2011	\$312,998
2010	\$214,205

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 10 Retirement Benefits, continued

Chapter 260 of the Laws of 2004 and Chapter 57 of the Laws of 2010 of the State of New York were enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years. These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2011. The Town elected to make full payment of their retirement bill.

Note 11 Post Employment Benefits

In accordance with GASB Statement #45 - Accounting for Post-Employment Benefits, the following information has been summarized from the Town's actuarial report since the Town provides post-employment benefits to its employees and retirees:

Plan Types

The Town offers the Capital District Physician Health Plan, the Blue Shield Health Plan and the New York State Health Plan as health plans. Until April 2011 union employees had to elect the Teamster Union Medical Plan. For post 65 retirees MVP Gold is the preferred plan.

Eligibility

If hired prior to January 1, 1996, an employee is eligible for post employment benefits at age 55 with ten years of service. If hired on or after January 1, 1996 and prior to July 1, 2008, an employee is eligible for benefits at age 55 with twenty years of service. If hired on or after July 1, 2008, an employee is eligible for benefits at age 62 with twenty years of service.

Benefits/Cost Sharing

For all employees hired to January 2, 1990, the Town pays 100% of the "designated plan" medical premium. For all employees hired on or after January 2, 1990 and prior to January 3, 2002, the Town pays 90% of the "designated plan" medical premium. For all employees hired on or after January 3, 2002, the Town pays 85% of the "designated plan" medical premium. For all non-union employees only hired after January 1, 2009 the Town pays 80% of the "designated plan" medical premium.

Spouse and Surviving Spouse Benefit

The Town pays a percentage of the medical premium according to the above schedule for retirees. Surviving spouses can continue coverage for life and are required to contribute 25% of the medical premium.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 11 Post Employment Benefits, continued

Annual Per Person Covered Medical Premiums

<u>Plan</u>	<u>As of January 1, 2010</u>
CDPHP	\$5,117
Blue Shield	\$7,516
Union	\$5,880
NYS Health Plan	\$3,686
MVP Gold	\$2,321

Medicare Part B

The Town reimburses the retiree for payment of Medicare part B Premium which was \$1,157 for 2010. Additionally, the Town reimburses the retiree for payment of the Medicare Part B premium for their Medicare eligible spouse during the retiree's lifetime.

In accordance with GASB Statement #45 - Accounting for Post-Employment Benefits, the following information has been summarized from the Town's actuarial reports for the years ended December 31, 2010, 2011 and 2012:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Annual Required Contribution (ARC)	\$519,745	\$550,992	\$ 583,775
Interest on net OPEB Obligation	-	17,373	35,479
Adjustment to ARC	-	(18,909)	(39,564)
Annual OPEB Cost	519,745	549,456	579,690
Contributions Paid	85,411	96,813	113,247
Increase in net OPEB Obligation	434,334	452,643	466,443
Net OPEB Obligation, beginning of year	-	434,334	886,977
Net OPEB Obligation, end of year	<u>\$434,334</u>	<u>\$886,977</u>	<u>\$1,353,420</u>

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2010, 2011 and 2012 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
2010	\$519,745	16.4%	\$ 434,334	\$1,708,863	30.41%
2011	\$549,456	17.6%	\$ 886,977	\$1,751,585	31.37%
2012	\$579,690	19.5%	\$1,353,420	\$1,795,375	32.29%

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 11 Post Employment Benefits, continued

Funded Status and Funding Progress

Actuarial Valuation Date	1/1/2010
Actuarial Value of Assets (a)	\$ -
Actuarial Accrued Liability (AAL) (b)	\$5,341,062
Unfunded AAL (UAAL) (b-a)	\$5,341,062
Funded Ratio (a/b)	0.0%
Covered Payroll (c)	\$1,708,863
UAAL as a Percentage of Payroll (AAL) ((b-a)/c)	312.55%

Methods and Assumptions

Interest Rate	4.00%
2010 Medical Trend Rate	11.00%
Ultimate Medical Trend rate	5.00%
Year Ultimate Medical Trend Rate Reached	2022
Actuarial Cost Method	Entry Age Normal
Remaining Amortization Period at 12/31/10	30 Years
Annual Payroll Increase	2.50%

The annual OPEB cost was charged to the following functions:

General Government	\$ 97,748
Transportation	230,536
Culture and recreation	51,300
Home and Community Services	<u>86,859</u>
Total	<u>\$466,443</u>

In November 2011 the Town Board assigned \$868,668 of the Town's fund balance towards the Town's net other post-employment benefit obligation and set aside the corresponding amount in designated cash. In October 2012 the Town Board approved to use \$320,000 of this designated cash to finance the new highway garage and intends on replenishing the amount over ten years.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 12 Volunteer Firefighter Service Award Program

Plan Description

In connection with the Town's fire protection service contracts with the Village of Round Lake and a local volunteer fire company, the Town/Village, by mandatory referendum, implemented a volunteer firefighter service award program effective January 1, 1999 pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The program is a defined benefit retirement plan covering active volunteer firefighters who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer firefighter service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for the years 1990 through 1998 up to a maximum of 5 years for all eligible volunteer firefighters. Prior service benefits were amortized and funded by the Town. In December 2007 the Town/Village, by mandatory referendum, amended the program to provide a monthly service award of \$20 for years beginning January 1, 2008. As of December 31, 2011 one hundred thirty-seven (137) volunteer firefighters participate in the program.

Funding Policy

The Town's funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The contribution rate is determined using the attained age normal frozen initial liability cost method. Under this cost method, there are two components to the annual cost each year. The first component, the "normal" cost component, is equal to the level of annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program and before entitlement age. The second component, the annual amortization cost component, equals the level of annual payments required to fund over the amortization period(s), the participants' benefits, if any, based on 1) the service credit earned before the effective date of the service award program or service credit earned after the attainment of entitlement age or 2) plan amendments that create an immediate unfunded liability and are required to be amortized. The cost is based on the average length of time from the valuation date to the entitlement age for current participants. Under the attained age normal frozen initial liability cost method, actuarial gains and losses are amortized over the future years of firefighting service before entitlement age for the group of firefighters participating in service award program on the valuation date.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 12 Volunteer Firefighter Service Award Program, continued

Actuarial Assumptions

Significant actuarial assumptions used in the valuation are as follows:

- * An investment rate of return of 6.0%
- * All participants survive to entitlement age and earn 50 points in each year
- * Lump sum distributions upon entitlement age sufficient to purchase a ten year continuous and certain life annuity
- * Present value increases in monthly service award payment due to service credit earned in a year after the year in which a participant reaches the entitlement are amortized over 3 years at 6.0%.

Fiduciary Investment and Control

Service credit is determined by the Town/Village Board, based on information certified to the Town/Village board by each fire company having members who participate in the program. Each fire company must maintain all required records for the program.

The Town/Village board has retained and designated Penflex, Inc. to assist in the administration of the program. Disbursements of program assets for the payment of benefits or administrative expenses must be approved the Town. The Town/Village is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated May 1999, and the trustee is Town Board/Village Board of Trustees. Authority to invest program assets is vested in Service Award Program Investment Policy. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Firefighter Service Award Program for the years ended December 31, 2011 and 2010:

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 12 Volunteer Firefighter Service Award Program, continued

Annual Service Award Program Cost and Net Pension Asset

	<u>2011</u>		<u>2010</u>
Normal Program Cost	\$ 91,568		\$ 95,099
Post EA Service Cost	23,393		15,296
Administration Fees	<u>4,686</u>	(1)	<u>-</u>
Total required contribution	119,647		110,395
Interest on net pension asset	(4,089)		(3,825)
Adjustment to annual required contribution	<u>5,342</u>		<u>4,034</u>
Annual Service Award Program Cost (1)	120,900		110,604
Contributions Made	<u>122,000</u>		<u>115,000</u>
Increase in net pension asset	1,100		4,396
Net pension asset beginning of year	<u>68,144</u>		<u>63,748</u>
Net pension asset end of year	<u>\$ 69,244</u>		<u>\$ 68,144</u>

(1) – Administration fees of \$5,778 in 2010 were paid from the respective excess contributions of those years.

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 295,461	\$202,691	\$187,164
Terminated volunteers entitled to but not yet receiving benefits	119,946	96,536	81,256
Active volunteer firefighters	<u>431,867</u>	<u>434,473</u>	<u>358,878</u>
Total present value of accrued benefits	847,274	733,700	627,298
Net assets available for benefits	<u>803,936</u>	<u>715,957</u>	<u>564,792</u>
Unfunded actuarial liability	<u>\$ 43,338</u>	<u>\$ 17,743</u>	<u>\$ 62,506</u>

Three-Year Trend Information

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Program</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contribution</u>	<u>Net</u> <u>Program</u> <u>Assets</u>
2009	\$104,364	105%	\$63,748
2010	\$110,604	104%	\$68,144
2011	\$120,900	101%	\$69,244

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 13

Volunteer Ambulance Worker Service Award Program

Plan Description

In connection with the Town's emergency service contract with a local volunteer ambulance company the Town, by mandatory referendum, implemented a volunteer ambulance worker service award program effective January 1, 2001 pursuant to General Municipal Law. The program is a defined benefit retirement plan covering active volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for up to a maximum of 5 years for all eligible volunteer ambulance workers. Prior service benefits were amortized and funded over a five year period by the Town. In December 2007, the Town, by mandatory referendum, amended the program to provide a monthly service payment of \$20 and to allow volunteers to continue to earn service credit after retirement age effective January 1, 2008. As of December 31, 2011 twenty-six (26) volunteer ambulance workers participate in the program.

Funding Policy

The Town's funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. The contribution rate is determined using the attained age normal frozen initial liability cost method. Under this cost method, there are two components to the annual cost each year; annual prior service cost and normal cost. The annual prior service cost equals the annual payment required to fund over the prior service funding period, the portion of the current's participants' projected benefits at entitlement age which is based on the service credit volunteer ambulance workers earned before the effective date of the service award program. The "normal" cost component is equal to the level annual payment required to fund the portion of the current participants' projected benefits based on their service credit earned after the effective date of the service award program. The cost is based on the average length of time from the valuation date to the entitlement age for current participants. Under the attained age normal frozen initial liability cost method, actuarial gains and losses are amortized over the future years of volunteer service before entitlement age for the volunteers participating in service award program on the valuation date.

Actuarial Assumptions

Significant actuarial assumptions used in the valuation of the estimated program cost for the referendum are as follows:

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 13 Volunteer Ambulance Worker Service Award Program, continued

- * An investment rate of return of 6.5%
- * All participants survive to entitlement age and earn 50 points in each year
- * Service award benefit payment in form of a straight life annuity

Fiduciary Investment and Control

Service credit is determined by the Town Board, based on information certified to the Town Board by the ambulance squad having members who participate in the program. The ambulance squad must maintain all required records for the program. The New York State Comptroller's Office is responsible for the administration of the program. All service credit records are submitted to a 3rd party program administrator that the New York State Comptroller's Office has retained and designated to assist in the administration of the program.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The New York State Comptroller's Office has established the necessary trust and also is responsible for the investment of the trust's assets.

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Ambulance Worker Service Award Program for the years ended December 31, 2011 and 2010:

Annual Service Award Program Cost and Net Pension Asset

	<u>2011</u>	<u>2010</u>
Normal Program Cost	\$14,350	\$11,230
Contribution Timing Adjustment	694	543
Administration Fees (1)	-	-
Total required contribution	<u>15,044</u>	<u>11,773</u>
Interest on net pension obligation	175	178
Adjustment to annual required contribution	<u>(220)</u>	<u>(224)</u>
Annual Service Award Program Cost	14,999	11,727
Contributions Made	<u>15,044</u>	<u>11,773</u>
Decrease in net pension obligation	(45)	(46)
Net pension asset obligation, beginning	<u>2,694</u>	<u>2,740</u>
Net pension asset obligation, end	<u>\$ 2,649</u>	<u>\$ 2,694</u>

(1)- Administration fees of \$3,341 in 2011 and \$3,154 in 2010 were paid from the respective excess contributions of those years

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 13 Volunteer Ambulance Worker Service Award Program, continued

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 30,445	\$ 36,346	\$ 34,873
Terminated volunteers entitled to but not yet receiving benefits	16,935	15,902	10,440
Active volunteer ambulance workers	<u>70,685</u>	<u>56,784</u>	<u>54,345</u>
Total present value of accrued benefits	118,065	109,032	99,658
Net assets available for benefits	<u>179,748</u>	<u>173,173</u>	<u>130,913</u>
(Over)Unfunded actuarial liability	<u>\$(61,683)</u>	<u>\$(64,141)</u>	<u>\$(31,255)</u>

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Program Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
2011	\$14,999	100%	\$ 2,649
2010	\$11,727	100%	\$ 2,694
2009	\$24,131	137%	\$ 2,740

Note 14 Deferred Compensation

The Town is a participant in the New York State Deferred Compensation Program ("Plan") and the New York State Deferred Compensation Board are the trustees of the Plan. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. The Town invests all amounts of compensation deferred under the Plan, at the direction of the covered employee. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the employee and their beneficiaries. In accordance with GASB Statement #32 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, municipalities should report only those plans in which all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result the market value of the Plan's assets totaling \$1,288,348 as of December 31, 2012 has not been reported in the fiduciary fund financial statements.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 15 Operating Transfers and Interfund Balances

During the course of normal operations, the Town records numerous transactions between funds including expenditures for the provision of services as well as transfers between funds to finance various projects. Individual fund operating transfer revenues and expenses arising from these transactions as of December 31, 2012 were as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Purpose of Expense</u>
Townwide General Fund	\$ 76,922	\$ 2,160,000	Town Garage Construction
Town Outside Village General Fund	\$ -	\$ 123,322	Primarily Recreation Projects
LFTC Park Capital Project	\$ 50,000	\$ -	
Highway Garage Project	\$2,160,000	\$ -	
Bikeway Capital Project	\$ -	\$ 3,000	Pedestrian Access Grants
Water Supply Fund	-	600	Administrative Services
	<u>\$2,286,922</u>	<u>\$2,286,922</u>	

Individual fund interfund receivable and payable balances arising from these transactions as of December 31, 2012 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Townwide General Fund	\$746,288	\$ -
LFTC Trails Connection Project	-	675,631
Sewer District #1	-	1,383
Burton Meadows Lighting District	-	719
Trust & Agency	-	68,555
Total	<u>\$746,288</u>	<u>\$746,288</u>

Amounts collected by the Town Courts in December of 2012 which were transferred to the Town-wide General fund in January 2013 have been reflected as cash and eliminated from the statements of net assets and fiduciary net assets as an interfund transaction.

Note 16 Indirect Cost Allocations

Indirect expenses for centralized services such as building and grounds, postage, computers and insurance have been allocated as follows in the statement of activities:

Transportation	\$ 10,145
Culture and Recreation	130,834
Home and Community Services	<u>8,566</u>
	<u>\$149,545</u>

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 17 Commitments and Contingencies

Litigation

In addition to various lawsuits arising in the normal course of business, including claims for property damage, personal injury and suits contesting assessments, the Town has been named in a lawsuit by a local developer concerning constructed traffic improvements that were in excess of required traffic mitigation fees in the amount of \$288,000. The Town intends to defend all of these claims vigorously. As of December 31, 2012 no adjustments have been made to the financial statements since the Town is unable to reasonably estimate the final outcome of these claims.

Insurance

The Town participates in a self-insurance plan for workers' compensation under County of Saratoga Local Law No. 1 and 2 of 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan, which currently has 54 participants, is open to any eligible municipality or public entity for participation. The County of Saratoga, New York is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's third party suits; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2012 the Town's workers' compensation premium was \$33,045. The Town's annual workers compensation premium is included in the County tax levy for the given fiscal year, therefore no expenditure is reflected in the Town's financial statements for workers' compensation. For the year ended December 31, 2011 (last available information) the plan had a total net assets deficit of (\$246,000). Claims and judgments are recognized consistent with requirements of GASB Statement No. 10 Accounting and Financial Reporting for Risk Financial and Related Insurance Losses, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liabilities of \$14,006,000 at December 31, 2011, were recorded as accrued liabilities by the County. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020.

The Town contracts with a commercial insurer for property and casualty insurance coverage.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 17 Commitments and Contingencies, continued

Environmental Concerns

The Town is engaged in many activities (ie, highway maintenance, salt and gasoline storage), in the normal course of operations that are potentially hazardous to the environment. Policies, procedures and safeguards have been implemented by the Town to assist in the protection of the environment. As of December 31, 2012 the Town is not aware of any significant environmental problems that should be disclosed in the financial statements.

Economic Development

In connection with commercial, residential or other economic development, the Town requires the developer/owner to provide the Town with a letter of credit or performance bond at the time of the final submission of the plans to cover the full cost of the improvements. The amount of the letter of credit or performance bond is based upon a construction cost estimate prepared by the developer/owner that is reviewed by the Town's engineers and approved by the Town. In 2011 the Town called a letter of credit in the amount of \$136,366 on one residential development in order to facilitate repairs to the roads within the development. These repairs were completed by the developer in 2012 and the Town returned \$111,366 of the funds received through the call provision. The remaining \$25,000 is being retained by the Town to guarantee the work completed in 2012 and this amount has been reflected as unearned revenue as of December 31, 2012. Aside from this one development the Town is not aware of any project for which there is not an adequate letter of credit or performance bond.

The Town has been awarded grants for such purposes as economic development, road construction, disasters and recreation which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowance and a request for a return of funds to the federal and State governments. Based upon past audits, the Town believes disallowances, if any, will be immaterial and no adjustments have been made to the financial statements for the year ended December 31, 2012.

Luther Forest Technology Campus Road Project

In 2010 the Town completed construction of 5.5 miles of road and related amenities for the Luther Forest Technology Campus which was funded with NYS Multi-modal grants and New York Economic Development Capital Program grants. The Town also entered into several agreements with the Luther Forest Economic Development Corporation (LFTCEDC) relating to the construction and post construction requirements of the project including such items, but not limited to, permit compliance and monitoring, conveyance, host benefit

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

Note 17 Commitments and Contingencies, continued

contributions, infrastructure maintenance and funding. The Luther Forest Technology Campus (“LFTC”) is responsible for providing the necessary revenues to the Town for the current and long-term maintenance of the LFTC interior roads which totaled \$381,000 for 2012. As of December 31, 2012 LFTC is delinquent on this funding to the Town and the Town has provided an allowance for doubtful accounts of \$256,000.

CK Sanitary Sewer System, Inc.

In 2004, CK Sanitary Sewer System, Inc. (“Sewer System”) was abandoned to the Towns of Malta and Clifton Park in accordance with Section 119 of Town Law. The Sewer System consists of all the sewage collection piping, manholes, and pump stations constructed to serve the properties in the service area. Subsequently sewer districts were formed by both Towns and an inter-municipal agreement entered into with the Town of Clifton Park relating to the ownership, maintenance and operation of the Sewer System since approximately 80% of the customers of the system are in the Town of Clifton Park. Accordingly, no financial information relating the Sewer System has been reflected in the Town’s financial statements. A copy of this financial report may be obtained by writing to the Town of Clifton Park, 1 Town Hall Plaza, Clifton Park, New York 12065.

Summary financial information of the Sewer System as of December 31, 2012 is as follows:

Current assets	\$ 988,000
Current liabilities	\$ 75,000
Fund Balance	\$ 913,000
Revenues	\$ 774,000
Expenditures	\$1,002,000

GlobalFoundries Construction Inspection Services

In connection with the construction of the GlobalFoundries nanotechnology facility, the Town has entered into a construction review and inspection services agreement for which GlobalFoundries is responsible for payment pursuant to the planned development legislation. As of December 31, 2012, there is approximately \$919,000 of services remaining under this agreement. In February 2013 the Town authorized additional construction inspections services in the amount of \$581,000.

Note 18 Subsequent Events

In January 2013 the Town issued serial bonds in the amount of \$680,000 for the new highway garage, with interest rates ranging from .70% to 2.40 % and maturing beginning in 2014 through 2023.

See independent auditor’s report

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Members of the Town Board
Town of Malta, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Malta, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Malta, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Malta, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Malta, New York'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Malta, New York'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 Town of Malta, New York's financial statements are free from misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

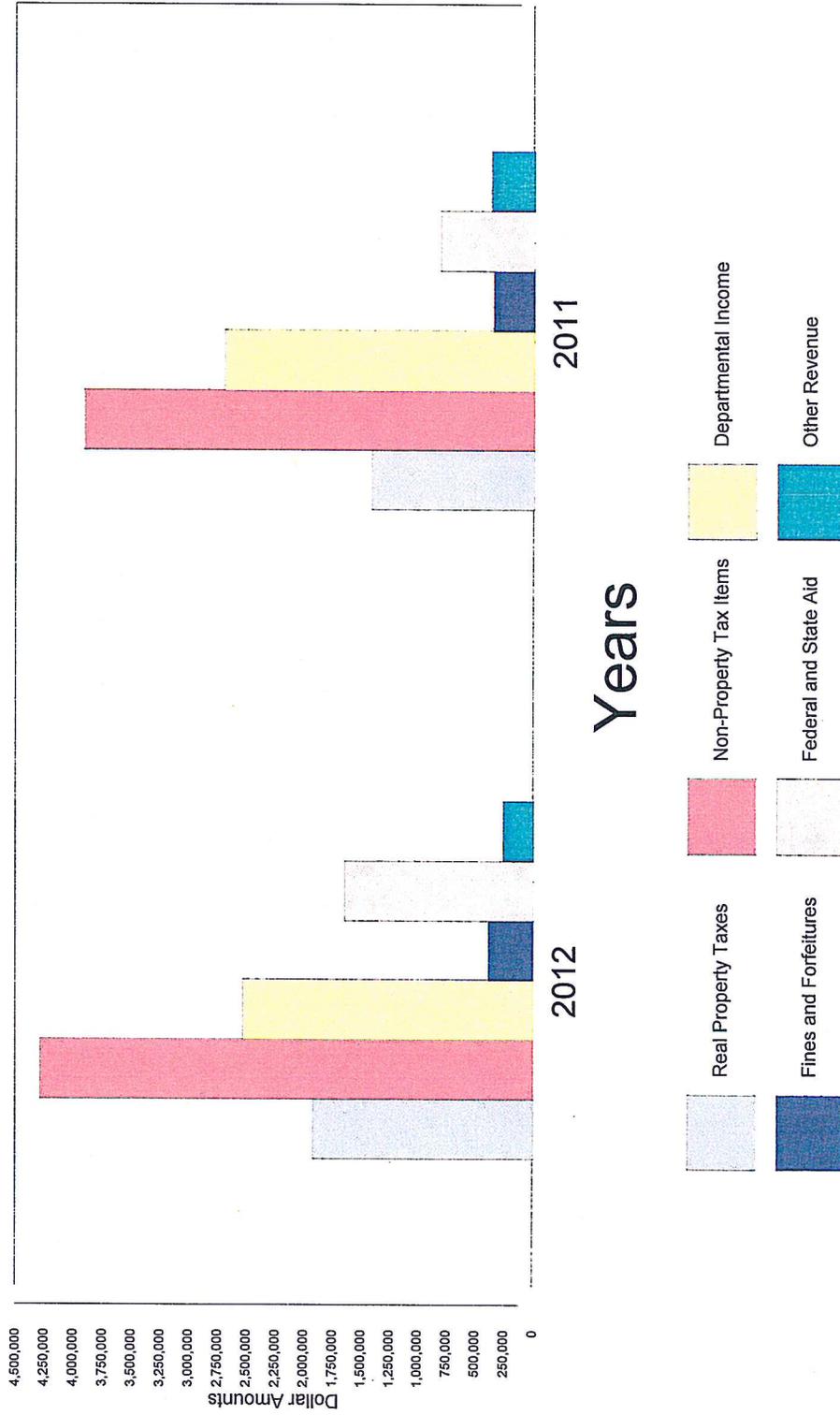
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Malta, New York's internal control or on compliance. This report is an integral part of an audit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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 11, 2013

Town of Malta Revenue Comparison



Town of Malta Expenditure Comparison

