

TOWN OF MALTA, NEW YORK

FINANCIAL REPORT

DECEMBER 31, 2008

TOWN OF MALTA, NEW YORK
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TOWN OF MALTA

COMPTROLLER'S OFFICE

2540 Route 9
Malta, N.Y. 12020

Kevin T. King, CPA
Comptroller

Phone (518) 899-2502
Fax: (518) 899-7257
Email: comptroller@malta-town.org

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

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, 2008. 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

- The Town's net assets increased by approximately \$18,692,000 as a result of this year's operations with the majority of the increase due to the ongoing construction of 5.5 miles of roads for the Luther Forest Technology Campus ("LFTC") which are being funded with NYS Multi-Modal and developer monies. In 2008 approximately \$15,858,000 was expended for this project.
- Total Town revenues generated in 2008 were \$28,286,000 compared to total governmental activity costs of \$9,594,000.
- Improvements to Dunning Street/Plains Road were completed in 2008 at an estimated cost of \$3,200,000 which was funded primarily with federal and state grants.
- Equipment acquisitions which included a pickup, chipper, roadside tractor, park playground structures and general office equipment for a total cost of \$255,000.
- Acquired 31 acres of land along Round Lake for \$200,000 for open space protection and parkland using open space reserves which is adjacent to the land acquired by Saratoga P.L.A.N. (a not-for-profit open space preservation organization). The Town contributed \$490,000 towards P.L.A.N.'s purchase of which \$350,000 will be repaid by P.L.A.N. through a New York State open space protection grant.
- Issued \$3,400,000 of bonds bearing interest at 3.915% for the \$6,100,000 Community Center Expansion Project which was 50% complete as of the end of the year.
- Transferred \$100,000 to Park Projects, \$100,000 for Highway Road Improvements,

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FINANCIAL HIGHLIGHTS, continued

\$50,000 to the Bridge Repair Reserve and \$2,567,000 to the Community Center
Expansion Capital Project

USING THIS FINANCIAL REPORT

This financial report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities and Changes in Net Assets 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 Assets and the Statement of Activities and Changes in Net Assets 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 assets 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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USING THIS FINANCIAL REPORT, continued

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 Community Development Grant 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.

THE TOWN AS A WHOLE

Net Assets

The Town's total net assets increased from \$25.5 million a year ago to \$44.2 million this year. Our analysis below focuses on the net assets of the Town's governmental activities.

Net Assets (in Thousands)	<u>2007</u>	<u>2008</u>
Current assets	\$ 5,374	\$ 7,870
Noncurrent assets, primarily restricted cash and investments	3,945	6,707
Capital assets, net of depreciation	<u>17,232</u>	<u>38,568</u>
Total assets	<u>\$26,551</u>	<u>\$53,145</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

THE TOWN AS A WHOLE (continued)

	<u>2007</u>	<u>2008</u>
Current liabilities	\$ 1,051	\$ 5,668
Long-term liabilities	<u>-</u>	<u>3,285</u>
Total liabilities	<u>1,051</u>	<u>8,953</u>
Net assets:		
Invested in capital assets, net of debt	17,232	35,168
Restricted	4,097	6,261
Unrestricted	<u>4,171</u>	<u>2,763</u>
Total net assets	<u>\$25,500</u>	<u>\$44,192</u>

Total net assets of the Town, including contributed infrastructure, increased by \$18,692,000 or by 73%. 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 \$1,408,000 primarily due to the community center expansion project. Restricted net assets, those restricted mainly for capital projects and special purposes such as parks, open space, highway equipment, buildings and tax stabilization increased by \$2,164,000 primarily due to the community center expansion project and the purchase of open space. Net assets invested in capital assets increased primarily due to the construction of the community center expansion project, acquisition of parkland and open space and the LFTC Road Project.

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.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

THE TOWN AS A WHOLE (continued)

	(financial ratios in thousands)	
	<u>2007</u>	<u>2008</u>
Working Capital	\$4,324	\$2,202
Current Ratio	5.12	1.39

“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>2007</u>	<u>2008</u>
Days Cash and Investments in Reserve	180	71
Liabilities to Net Assets	4.12%	20.26%

Statement of Activities

To aid in the understanding of the Statement of Activities and Changes in Net Assets 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 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, Assessment, Court and Records Management Aid
Transportation	CHIPS Capital Grants, Federal Transportation Aid, Multi-Modal State Aid, Marchiselli State Aid, Legislative State Aid, Emergency Management Aid, County and NYSERDA Transportation Funding, Developer Contributions and Fuel Charges
Culture and Recreation	Parks, Youth and Historical Resources Grants, Developer Recreation Fees, Mitigation Fees, Park Use Fees, Recreation Program Fees and Contributions

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

Home and Community Services	Building and Planning Fees, Sewer Charges, Planning Grants and Community Development Block Grant
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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>2007</u>	<u>2008</u>
Revenues		
Fees, fines and charges for services	\$1,063	\$ 1,072
Operating grants and contributions	819	256
Capital grants and contributions	1,153	21,681
Property taxes	725	747
Franchise taxes	130	136
Sales taxes	3,786	3,571
Mortgage taxes	705	589
State aid	27	28
Use of money and property	403	254
Disposal of property	<u>39</u>	<u>(48)</u>
Total revenues	<u>8,850</u>	<u>28,286</u>
Expenses		
General government	1,393	1,457
Public safety	722	742
Health	369	388
Transportation	2,319	4,892
Economic assistance	48	43
Culture and recreation	966	1,187
Home and community service	<u>1,460</u>	<u>885</u>
Total expenses	<u>7,277</u>	<u>9,594</u>
Increase in net assets	<u>\$1,573</u>	<u>\$18,692</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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THE TOWN AS A WHOLE (continued)

The Town's total revenues increased by 220% (\$19,436,000) as the Town's total expenses increased by 32% (\$2,317,000). Significant factors resulting in these changes are as follows:

- Grants and contributions revenues vary from year to year due to the particular projects undertaken and competitiveness of available grant funding. The Town received Multi-Modal Grant funding and developer contributions of \$15,858,000 in 2008 to continue the LFTC Road Project. (\$591,000 received in 2007). Actual construction of the road improvements along Dunning Street and Plains Road commenced in 2008 for which the Town received \$2,703,000 in Federal Highway funding. In 2007 the Town received an open space grant of \$84,500 from Saratoga County for the purchase of land along East Line Road. Contributed infrastructure from developers was \$2,982,000 in 2008 compared to \$200,000 in 2007.
- Sales tax revenue remained relatively flat in 2008 taking into consideration the special distribution received from the County of \$312,000 in 2007.
- With the slowing economy and the credit crunch, the real estate market slowed with the Town receiving \$589,000 in mortgage tax revenues comparable to \$705,000 in 2007. Both of these years were higher than the Town's annual 10 year average of \$542,000.
- The significant decrease in operating grants and contributions relates to the Starfire infrastructure project at the NYSERDA "STEP" for which the Town received \$736,000 in Community Development Block grant funds in 2007.
- Declining interest rates and available cash resulted in the decrease to use of money and property of \$149,000.
- General government expenses increased as a result of assessment and legal professional fees and personnel salary/benefit increases.
- Transportation expenses increased primarily due to the Dunning Street/Plains Road improvement project which the Town acted as lead agency for this County road project. As a result the project costs have been accounted for in the Town's financial statements as transportation expenses and the corresponding aid has been reflected as capital grants.
- In 2007 infrastructure improvements at the NYSERDA "STEP" were financed through a Community Development Block grant. Disbursements to NYSERDA for infrastructure improvements at the park were accounted as home and community expenses.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

THE TOWN AS A WHOLE (continued)

- The Town provided \$140,000 in 2008 to Saratoga P.L.A.N. for the acquisition of open space that was adjacent to a parcel acquired and provided an additional \$30,000 to the library.
- As a result of Advanced Micro Devices requesting an amendment to the planned development legislation for LFTC and starting the site plan approval process coupled with other proposed economic development, home and community expenses engineering consulting services increased in 2008 by \$135,000.

The Town's Funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$9.0 million, which is above last year's total of \$8.3 million. The combined fund balance of \$9.0 million includes \$6.6 million of reserve and designated funds for such items as open space protection, parks, highway equipment, buildings, capital projects and tax stabilization. The primary reason for the increase in the fund balances is the host benefit contribution for LFTC and prudent spending. During 2008 the Town contributed \$100,000 to establish Park Capital Projects, \$50,000 to its Bridge Repair Reserve, \$50,000 to its Open Space Reserve, \$30,000 to its Building Reserve and \$2,567,000 to the Community Center Capital Project. Thirty-one acres of land was acquired for open space protection and parkland using \$200,000 of open space reserves.

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, 2007 and 2008.

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2007</u>	<u>2008</u>
Revenues		
Real property taxes	\$ 725	\$ 747
Non-property tax items	3,916	3,708
Departmental income	695	651
Fines and forfeitures	333	376
State and federal aid	2,386	17,422
Other general revenues	<u>599</u>	<u>2,513</u>
Total revenues	<u>\$8,654</u>	<u>\$25,417</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

THE TOWN AS A WHOLE (continued)

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2007</u>	<u>2008</u>
Program Expenditures		
General government support	\$1,180	\$ 1,292
Public safety	737	740
Health	370	387
Transportation	2,207	20,006
Economic assistance	48	43
Culture and recreation	1,767	4,166
Home and community	1,353	765
Employee benefits	623	632
Debt Service	<u>14</u>	<u>13</u>
Total expenses	<u>\$8,299</u>	<u>\$28,044</u>

The Town's total fund revenues increased by 194% (\$16,763,000) in 2008 while the Town's total fund expenditures increased by 238% (\$19,745,000). The significant factors resulting in these changes are as follows:

- As mentioned previously the NYS Multi-Modal funding and developer contributions for LFTC Road Project and Federal Transportation aid for the construction of Dunning Street/Plains Road improvements in 2008 and the corresponding decreases to sales tax due to the special distribution from the County of \$312,000 and the Community Development Block Grant for the NYSERDA "STEP" of \$736,000, all contribute to the net increase in total fund revenues.
- General government support increased as a result of assessment and legal professional fees and personnel salary/benefit increases.
- Contractual obligations for fire protection and emergency services increased by 4% in 2008 to cover operating costs.
- Although approximately the same length of road was resurfaced in 2008, Town road resurfacing costs increased by \$82,000 as a result of rising asphalt prices. The Town anticipates that all Town roads will be resurfaced within a 12 year period but asphalt prices is a dominant factor in this assumption. In 2008 the Town purchased a pick-up, tractor and a chipper for \$134,000 compared to equipment purchases of \$235,000 in 2007. The Town also completed the actual construction of the Dunning Street / Plains

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

THE TOWN AS A WHOLE (continued)

Road improvement project which was engineered in prior years and began construction of the 5.5 miles of LFTC roads which is funded with \$37 million in NYS Multi-Modal monies and additional developer contributions.

- Construction commenced on the Community Center Expansion Project in 2008 which represents the significant portion of the increase in cultural and recreation expenditures.
- Home and community infrastructure improvements at the NYSERDA "STEP" which were financed through a Community Development Block grant and disbursed to NYSERDA were completed in 2007. In 2008 Advanced Micro Devices requested an amendment to the planned development legislation for LFTC and started the site plan approval process which coupled with other proposed economic development, increased engineering consulting services for home and community expenditures.

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 and unanticipated revenues. In 2008 Town amended it's budget for the following significant transactions:

- Reallocated estimated sales tax revenues due to decrease in residential/commercial construction and increases in developer contributions and sales of surplus assets
- Authorized supplemental appropriations of \$125,000 and related developer contributions for building and planning projects
- Appropriated \$342,000 for purchase of land for open space protection and parkland
- Authorized \$41,000 increase for assessor professional fees to defend assessments
- Appropriated \$20,000 for community center roof repairs
- Appropriated a total of \$2,567,000 in operating transfers for the Community Center expansion project
- Amended 2008 Adopted Budget for 2007 encumbrances \$179,000

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

THE TOWN AS A WHOLE (continued)

Even with these adjustments, the actual charges to appropriations (expenditures) including outstanding encumbrances were approximately \$472,000 below the final budgeted amounts. Furthermore, resources available for appropriation were \$150,000 above the final budgeted amount. As noted earlier a host benefit contribution relating to LFTC for road maintenance is the primary reason actual revenues exceeded budgeted estimates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2008, the Town had \$55.2 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>2007</u>	<u>2008</u>
Land	\$ 1,641	\$ 2,110
Land improvements	938	1,628
Buildings and improvements	4,063	3,954
Infrastructure	20,898	23,884
Equipment	3,416	3,569
Work in progress	<u>1,808</u>	<u>20,064</u>
Totals	<u>\$32,764</u>	<u>\$55,209</u>

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

Open space and recreation land acquisition	\$ 200
Purchase of highway, parks and office equipment	259
Resurfacing and reconstruction of Town's road	349
Construction of sidewalks	50
Community Center Expansion	3,005
LFTC Interior Road Project	15,858
Road dedications to the Town from local developers	<u>2,981</u>
	<u>\$22,702</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Major capital projects and acquisitions planned for 2009 are as follows (in thousands):

Highway equipment	\$ 255
Recreation equipment	75
Building improvements	20
Computer equipment	22
Road resurfacing projects	398
Luther Forest Technology Campus interior roads	24,000
Community Center Expansion Project	3,025

With the exception of the Community Center Expansion Project for which the Town issued \$3,400,000 in bonds in 2008, the Town's intention to finance the remainder of these projects with current budgetary appropriations, existing capital reserves, and New York State multi-modal aid.

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. 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%. 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, 2008, \$70,000 in bonds was outstanding relating to this project.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the 2009 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 the imminent ground breaking of first nanotechnology facility in the Luther Forest Technology Campus. Several major infrastructure projects relating to the project have been commenced by the State, County, Town and the Luther Forest Economic Development Corp. (ie, water, sewer, utilities and roads). Property assessments have increased from 1,072 million in 2007 to 1,503 million in 2008 as a result of growth and the completion of the reassessment project. Additionally, the Town estimates its population has continued to grow from its 2000 census count of 13,005.

These factors, along with national and regional trends, were taken into account when adopting the Town's budget for 2009. Projected 2009 estimated revenues were \$6.7 million as compared

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2008

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

to \$6.3 million in the adopted 2008 budget. The general town tax levy of \$67,000 was approved to fund the service award program for the volunteer ambulance workers and increasing emergency service costs. There will be no highway tax for the eighth consecutive year and the Town's fire protection tax rate will decrease to \$.5155 per thousand.

Budgeted expenditures have increased from \$6.5 million to \$7.1 million. 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 2009 adopted budget are the following items:

- Personnel changes and COLA increases
- Rising employee benefit costs due to personnel changes and rising rates
- Highway and office equipment purchases
- Technology improvements
- Infrastructure maintenance
- Utility costs
- Snow removal costs
- Park and recreation planning, improvements and maintenance
- Community planning
- Contractual increases for fire protection, emergency services and library services
- Debt service

If these estimates are realized, the Town's fund balance is expected to decrease by approximately \$371,000 in 2009. Construction of the roads of LFTC estimated to cost \$37 million, which will be funded with New York State Multi-Modal funding and other state aid, should be substantial completed by December 2009. The \$6.1 million Community Center Expansion Project should also be completed in the fall of 2009 which will include a branch library and gymnasium. Except for these items and 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 2009 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.

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDA, CPA
JAMES M. CUSACK, CPA
JOHN A. CRISONE, CPA
WENDY M. LAING, CPA
JASON D. MARRA, CPA
JOHN J. TAFILOWSKI, CPA
TERRENCE P. GILLOOLEY
LAUREN M. LIGRECI
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 664-7063
FAX (518) 541-3083

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

JOHN A. CIMINO, CPA, OF COUNSEL

**INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

To the Members of the Town Board
Town of Malta

We have audited the accompanying financial statements of the Town of Malta, New York as of and for the year ended December 31, 2008 as listed in the table of contents. These financial statements are the responsibility of the Town of Malta, New York's management. 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 *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Malta, New York as of December 31, 2008 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 56 and 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, therefore, we express no opinion on it.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 27, 2009

TOWN OF MALTA, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,872,790
Other receivables	835,735
State and federal receivables	4,453,266
Due from other governments	624,182
Due from other funds	168
Prepaid expenses	59,897
Inventory	<u>23,642</u>
Total current assets	<u>7,869,680</u>
Noncurrent assets:	
Restricted assets	
Cash, cash equivalents and investments	6,610,412
Service award	51,562
Note receivable	45,000
Capital assets, net of accumulated depreciation	
Land	2,109,949
Infrastructure and land improvements, net	29,606,372
Buildings, property and equipment, net	<u>6,851,708</u>
Total noncurrent assets	<u>45,275,003</u>
 Total assets	 <u>\$53,144,683</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued liabilities	\$ 2,692,456
Due to other governments	2,751,057
Unearned revenues	73,252
Benefits payable	35,695
Current portion of bonds	<u>115,000</u>
Total current liabilities	<u>5,667,460</u>
Noncurrent liabilities:	
Bonds	<u>3,285,000</u>
 Total liabilities	 <u>8,952,460</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Invested in capital assets, net of related debt	35,168,029
Restricted for:	
Open space, parks and recreation	4,049,350
Building	737,308
Transportation	743,245
Tax stabilization	360,832
Ensuing year's budget	370,662
Unrestricted	<u>2,762,797</u>
Total net assets	<u>44,192,223</u>
 Total liabilities and net assets	 <u>\$53,144,683</u>

See accompanying notes and independent auditor's report

TOWN OF MALTA, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
General Government	\$ 1,457,218	\$ 385,749	\$ 41,154	\$ 10,515	\$ (1,019,800)
Public Safety	742,238	-	985	-	(741,253)
Health	387,495	-	-	-	(387,495)
Transportation	4,891,453	35,907	176,000	21,670,769	16,991,223
Economic assistance	42,923	-	-	-	(42,923)
Culture and recreation	1,187,384	192,503	25,266	-	(969,615)
Home and community services	<u>885,186</u>	<u>457,568</u>	<u>12,692</u>	<u>-</u>	<u>(414,926)</u>
Total governmental activities	<u>\$ 9,593,897</u>	<u>\$1,071,727</u>	<u>\$256,097</u>	<u>\$21,681,284</u>	<u>13,415,211</u>
General revenues:					
Property taxes					746,768
Franchise taxes					136,313
Sales taxes					3,571,386
Mortgage taxes					588,457
State aid					27,833
Use of money and property					253,492
Disposal of property					<u>(47,619)</u>
Total general revenues					<u>5,276,630</u>
Change in net assets					18,691,841
Net assets, beginning					<u>25,500,382</u>
Net assets, ending					<u>\$44,192,223</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2008

ASSETS	<u>Townwide General</u>	<u>Town Outside Village General</u>	<u>Town Outside Village Highway</u>	<u>Fire Protection</u>	<u>Total Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 361,270	\$ 113,503	\$ 668,044	\$ 43,050	\$ 534,593	\$ 11,788	\$ 1,732,248
Other receivables	212,465	69,727	4,593	28,575	520,375	-	835,735
State and Federal receivables	130,376	360,433	92,106	-	3,869,991	360	4,453,266
Due from other governments	347,809	33,083	243,273	-	-	17	624,182
Due from other funds	194,383	-	-	-	-	-	194,383
Prepaid expenses	38,041	6,801	15,055	-	-	-	59,897
Restricted cash, cash equivalents and investments	926,066	1,054,635	1,030,110	-	3,669,601	-	6,680,412
Note receivable	45,000	-	-	-	-	-	45,000
Inventory	<u>4,942</u>	<u>2,388</u>	<u>16,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,642</u>
Total assets	<u>\$ 2,260,352</u>	<u>\$1,640,570</u>	<u>\$ 2,069,493</u>	<u>\$ 71,625</u>	<u>\$ 8,594,560</u>	<u>\$ 12,165</u>	<u>\$ 14,648,765</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2008

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 83,268	\$ 44,291	\$ 39,814	\$ 24,425	\$ 2,387,504	\$ 2,368	\$ 2,581,670
Due to other governments	162,659	-	-	28,575	2,559,823	-	2,751,057
Unearned revenue	79,854	7,332	-	-	32,407	-	119,593
Due to other funds	-	-	-	-	125,175	460	125,635
Compensated absences	<u>15,221</u>	<u>5,868</u>	<u>2,775</u>	-	-	-	<u>23,864</u>
Total liabilities	<u>341,002</u>	<u>57,491</u>	<u>42,589</u>	<u>53,000</u>	<u>5,104,909</u>	<u>2,828</u>	<u>5,601,819</u>
COMMITMENTS AND CONTINGENCIES							
Fund Balances							
Reserved for:							
Encumbrances	55,413	32,570	-	-	-	-	87,983
Open space and parks	-	995,949	-	-	-	-	995,949
Inventory	4,942	2,388	16,312	-	-	-	23,642
Prepaid	38,041	6,801	15,055	-	-	-	59,897
Tax stabilization	165,280	58,687	136,865	-	-	-	360,832
Building	737,308	-	-	-	-	-	737,308
Highway	-	-	743,245	-	-	-	743,245
Unreserved:							
Designated - ensuing year's budget	86,097	121,515	163,000	-	-	50	370,662
Designated - note receivable	45,000	-	-	-	-	-	45,000
Designated - capital projects	23,478	-	150,000	-	3,053,401	-	3,226,879
Undesignated	<u>763,791</u>	<u>365,169</u>	<u>802,427</u>	<u>18,625</u>	<u>436,250</u>	<u>9,287</u>	<u>2,395,549</u>
Total fund balances	<u>1,919,350</u>	<u>1,583,079</u>	<u>2,026,904</u>	<u>18,625</u>	<u>3,489,651</u>	<u>9,337</u>	<u>9,046,946</u>
Total liabilities and fund balances	<u>\$ 2,260,352</u>	<u>\$ 1,640,570</u>	<u>\$ 2,069,493</u>	<u>\$ 71,625</u>	<u>\$ 8,594,560</u>	<u>\$ 12,165</u>	<u>\$ 14,648,765</u>

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, 2008

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
REVENUES AND OTHER FINANCING SOURCES							
Revenues:	\$ 22,618	\$ -	\$ -	\$ 709,291	\$ -	\$ 5,325	\$ 737,234
Real property taxes	9,126	-	-	408	-	-	9,534
Real property tax items	1,554,079	879,313	1,274,307	-	-	-	3,707,699
Non-property tax items	159,136	367,137	-	-	-	124,706	650,979
Departmental income	2,905	-	41,857	985	134	600	46,481
Intergovernmental charges	92,107	74,268	52,330	2,969	33,915	1,103	256,692
Use of money and property	1,352	-	-	-	-	-	1,352
Licenses and permits	375,958	-	-	-	-	-	375,958
Fines and forfeitures							
Sale of property and compensation for loss	11,871	11,918	33,464	-	-	-	57,253
Miscellaneous local sources	2,796	2,811	162,041	-	1,983,919	-	2,151,567
State aid	650,146	46,084	68,572	-	13,931,125	-	14,695,927
Federal aid	-	-	23,000	-	2,702,760	360	2,726,120
Total Revenues	2,882,094	1,381,531	1,655,571	713,653	18,651,853	132,094	25,416,796
Other Financing Sources:							
Proceeds from borrowings	-	-	-	-	3,400,000	-	3,400,000
Transfers in	600	-	100,000	-	2,667,000	-	2,767,600
Total other financing sources	600	-	100,000	-	6,067,000	-	6,167,600
Total Revenues and Other Financing Sources	2,882,694	1,381,531	1,755,571	713,653	24,718,853	132,094	31,584,396

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, 2008

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
EXPENDITURES AND OTHER FINANCING USES							
Expenditures:							
General governmental support	\$ 1,291,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,291,965
Public safety	15,287	19,739	-	705,322	-	-	740,348
Health	381,226	5,800	-	-	-	-	387,026
Transportation	154,026	21,523	1,211,624	-	18,613,406	5,000	20,005,579
Economic assistance and opportunity	42,923	-	-	-	-	-	42,923
Culture and recreation	500,801	664,338	-	-	3,000,936	-	4,166,075
Home and community services	42,356	611,019	-	-	-	111,903	765,278
Employee benefits	326,985	105,102	199,554	-	-	-	631,641
Debt Service	-	-	-	-	-	13,200	13,200
Total Expenditures	2,755,569	1,427,521	1,411,178	705,322	21,614,342	130,103	28,044,035
Other Financing Uses:							
Transfers out	<u>1,167,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>600</u>	<u>2,767,600</u>
Total Expenditures and Other Financing Uses	3,922,569	2,927,521	1,411,178	705,322	21,714,342	130,703	30,811,635
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,039,875)	(1,545,990)	344,393	8,331	3,004,511	1,391	772,761
Fund Balances, Beginning	<u>2,959,225</u>	<u>3,129,069</u>	<u>1,682,511</u>	<u>10,294</u>	<u>485,140</u>	<u>7,946</u>	<u>8,274,185</u>
Fund Balances, Ending	<u>\$ 1,919,350</u>	<u>\$ 1,583,079</u>	<u>\$ 2,026,904</u>	<u>\$ 18,625</u>	<u>\$ 3,489,651</u>	<u>\$ 9,337</u>	<u>\$9,046,946</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2008

	SERVICE	AGENCY
	<u>AWARD</u>	<u>FUNDS</u>
ASSETS		
Cash and cash equivalents	\$15,745	\$ 35,035
Interest and other receivables	1,646	11,667
Investments, at fair value		
Certificates of deposit	71,423	-
Other investments	<u>309,536</u>	<u>-</u>
Total assets	<u>\$ 398,350</u>	<u>\$ 46,702</u>
LIABILITIES		
Due to Other Funds	\$ -	\$ 168
Agency liabilities	<u>-</u>	<u>46,534</u>
Total liabilities	<u>\$ -</u>	<u>\$ 46,702</u>
NET ASSETS		
Held in trust for service award benefits	<u>\$ 398,350</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>SERVICE AWARD</u>
ADDITIONS	
Contributions:	
Employer	\$ <u>60,000</u>
Total contributions	<u>60,000</u>
Investment earnings:	
Net decrease in fair value of investments	(93,410)
Interest, dividends and capital gain distributions	<u>24,422</u>
Total investment earnings	<u>(68,988)</u>
Total subtractions	<u>(8,988)</u>
DEDUCTIONS	
Benefits	13,760
Administrative expenses	<u>4,971</u>
Total deductions	<u>18,731</u>
Changes in net assets	(27,719)
Net assets, beginning	<u>426,069</u>
Net assets, ending	<u><u>\$398,350</u></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, 2008

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Real property taxes	\$ 20,699	\$ 20,699	\$ 22,618	-	\$ 1,919
Real property tax items	8,025	8,025	9,126	-	1,101
Non-property tax items	1,480,000	1,519,000	1,554,079	-	35,079
Departmental income	137,500	149,500	159,136	-	9,636
Intergovernmental charges	2,500	2,500	2,905	-	405
Use of money and property	112,000	112,000	92,107	-	(19,893)
Licenses and permits	1,500	1,500	1,352	-	(148)
Fines and forfeitures	310,000	310,000	375,958	-	65,958
Sale of property and compensation for loss	12,000	12,000	11,871	-	(129)
Miscellaneous local sources	1,000	2,060	2,796	-	736
State aid	<u>682,200</u>	<u>689,200</u>	<u>650,146</u>	-	<u>(39,054)</u>
Total revenues	2,767,424	2,826,484	2,882,094	-	55,610
Other Financing Sources					
Transfers in	<u>600</u>	<u>600</u>	<u>600</u>	-	-
Total revenues and other financing sources	<u>\$2,768,024</u>	<u>\$2,827,084</u>	<u>\$2,882,694</u>	-	<u>\$ 55,610</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, 2008

	Adopted Budget	Final Budget	Actual	Adjustments/ Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
General governmental support	\$ 1,190,466	\$ 1,371,522	\$ 1,291,965	\$ 14,087	\$ 65,470
Public safety	23,500	19,200	15,287	-	3,913
Health	381,224	381,724	381,226	-	498
Transportation	153,100	161,500	154,026	99	7,375
Economic assistance and opportunity	51,320	44,120	42,923	-	1,197
Culture and recreation	524,538	571,864	500,801	41,227	29,836
Home and community services	50,300	46,200	42,356	-	3,844
Employee Benefits	<u>349,500</u>	<u>336,600</u>	<u>326,985</u>	<u>-</u>	<u>9,615</u>
Total expenditures	2,723,948	2,932,730	2,755,569	55,413	121,748
Other Financing Uses:					
Transfers out	<u>50,000</u>	<u>1,197,000</u>	<u>1,167,000</u>	<u>30,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>2,773,948</u>	<u>4,129,730</u>	<u>3,922,569</u>	<u>85,413</u>	<u>121,748</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(5,924)	(1,302,646)	(1,039,875)	(85,413)	177,358
Budgetary earnings and provisions for reserves	(32,000)	(32,000)	-	-	32,000
Fund balance appropriated	<u>37,924</u>	<u>1,334,646</u>	<u>-</u>	<u>-</u>	<u>(1,334,646)</u>
Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,039,875)</u>	<u>\$ (85,413)</u>	<u>\$ (1,125,288)</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, 2008

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Non-property tax items	\$ 775,000	\$ 868,000	\$ 879,313	-	\$ 11,313
Departmental income	924,600	999,600	367,137	-	(632,463)
Use of money and property	81,000	81,000	74,268	-	(6,732)
Sale of Property	-	9,000	11,918	-	2,918
Miscellaneous local sources	1,000	3,000	2,811	-	(189)
State aid	<u>59,100</u>	<u>59,100</u>	<u>46,084</u>	-	<u>(13,016)</u>
Total revenues	<u>\$ 1,840,700</u>	<u>\$ 2,019,700</u>	<u>\$ 1,381,531</u>	<u>\$ -</u>	<u>\$ (638,169)</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, 2008

	Adopted Budget	Final Budget	Actual	Adjustment/ Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
General governmental support	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Public Safety	16,000	23,000	19,739	-	3,261
Health	6,400	6,400	5,800	-	600
Transportation	7,000	24,000	21,523	-	2,477
Culture and recreation	395,040	730,640	664,338	21,720	44,582
Home and community services	513,612	691,029	611,019	10,850	69,160
Employee Benefits	<u>110,900</u>	<u>109,520</u>	<u>105,102</u>	<u>-</u>	<u>4,418</u>
Total expenditures	1,053,952	1,584,589	1,427,521	32,570	124,498
Other Financing Uses:					
Transfers out	<u>250,000</u>	<u>1,650,000</u>	<u>1,500,000</u>	(1) <u>50,000</u>	<u>100,000</u>
Total expenditures and other financing uses	<u>1,303,952</u>	<u>3,234,589</u>	<u>2,927,521</u>	<u>82,570</u>	<u>224,498</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	536,748	(1,214,889)	(1,545,990)	(82,570)	(413,671)
Budgetary earnings and provisions for reserves	(597,000)	(597,000)	-	-	597,000
Fund balance appropriated	<u>60,252</u>	<u>1,811,889</u>	<u>-</u>	<u>-</u>	<u>(1,811,889)</u>
Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,545,990)</u>	<u>\$ (82,570)</u>	<u>(\$1,628,560)</u>

(1) - To reflect transfers to open space reserve

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, 2008

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Non-property tax items	\$1,420,000	\$1,288,000	\$1,274,307	\$ -	\$ (13,693)
Intergovernmental charges	27,000	27,000	41,857	-	14,857
Use of money and property	71,000	71,000	52,330	-	(18,670)
Sale of property and compensation for loss	-	32,000	33,464	-	1,464
Miscellaneous Local Sources	-	10,000	162,041	-	152,041
State aid	55,000	55,000	68,572	-	13,572
Federal aid	-	-	23,000	-	23,000
Total revenues	<u>1,573,000</u>	<u>1,483,000</u>	<u>1,655,571</u>	<u>-</u>	<u>\$ 172,571</u>
Other Financing Sources					
Transfers in	-	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>\$1,573,000</u>	<u>\$1,583,000</u>	<u>\$1,755,571</u>	<u>\$ -</u>	<u>\$ 172,571</u>

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, 2008

	Adopted Budget	Final Budget	Actual	Adjustments/ Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
Transportation	\$1,359,000	\$ 1,314,686	\$ 1,211,624	\$ -	\$ 103,062
Employee Benefits	<u>222,000</u>	<u>222,180</u>	<u>199,554</u>	-	<u>22,626</u>
Total expenditures	1,581,000	1,536,866	1,411,178	-	125,688
Other Financing Uses:					
Transfers out	<u>50,000</u>	<u>50,000</u>	-	(2) <u>50,000</u>	-
Total expenditures and other financing uses	1,631,000	1,586,866	1,411,178	50,000	125,688
Revenues and Other Financing Sources Over(Under)					
Expenditures and Other Financing Uses	(58,000)	(3,866)	344,393	(50,000)	298,259
Budgetary earnings and provisions for reserves	(33,000)	(33,000)	-	-	33,000
Fund balance appropriated	<u>91,000</u>	<u>36,866</u>	-	-	<u>(36,866)</u>
Revenues and Other Financing Sources Over(Under)	\$ -	\$ -	\$ 344,393	\$(50,000)	\$294,393

(2) - To reflect transfers to bridge repair reserve

TOWN OF MALTA, NEW YORK
BUDGETARY COMPARISON STATEMENT - FIRE PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Real property taxes	\$ 701,037	\$ 701,037	\$ 709,291	\$ -	\$ 8,254
Real property tax items	-	-	408	-	408
Intergovernmental charges	985	985	985	-	-
Use of money and property	<u>3,500</u>	<u>3,500</u>	<u>2,969</u>	<u>-</u>	<u>(531)</u>
Total revenues	<u>\$ 705,522</u>	<u>\$ 705,522</u>	<u>\$ 713,653</u>	<u>\$ -</u>	<u>\$ 8,131</u>
EXPENDITURES					
Expenditures:					
Public safety	645,522	646,467	645,322	-	1,145
Volunteer service award program	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>705,522</u>	<u>706,467</u>	<u>705,322</u>	<u>-</u>	<u>1,145</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(945)	8,331	-	9,276
Fund Balance Appropriated	<u>-</u>	<u>945</u>	<u>-</u>	<u>-</u>	<u>(945)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,331</u>	<u>\$ -</u>	<u>\$ 8,331</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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, 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.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB Statement #14 including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the Town has determined it has no component units.

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. 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, sewers etc.) and a change in the focus of fund financial statements to major funds.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 1 Summary of Significant Accounting Policies, continued

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 assets 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 assets and a statement of activities and changes in net assets.

The statement of net assets recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; 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 fines and forfeitures, 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. Nonmajor funds are aggregated and presented in a single column. The following funds are used by the Town:

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 1 Summary of Significant Accounting Policies, continued

- * Townwide General Fund - is the primary operating fund of the Town. It is used to account for all general financial resources except those to be accounted for in the Town Outside Village General Fund.
- * Town Outside Village General Fund - is used to account for transactions which are required by statute to be a charge on the area of the Town outside the Village such as parks, recreation and library programs and services and building and planning activities.
- * Town Outside Village Highway Fund - established pursuant to Highway Law Section 277 to account for revenues and expenditures related to highway repairs and improvements, bridges, machinery, snow removal, and miscellaneous highway related items for the area of the Town outside the Village.
- * Fire Protection Fund - established to account for revenues and expenditures for the purpose of providing fire protection.
- * Water Supply Fund - established to account for revenues and expenditures for the purpose of providing a water supply.
- * Lighting District Fund - established to account for revenues and expenditures of providing lighting to the Rosebay/Larkspur, Rum Cherry and Ermine Lair Lighting Districts.
- * Sewer District Fund - established to account for revenues and expenditures for the purpose of providing sewer services to 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. Both of these sewer districts were abandoned to the Town .
- * Community Development Block Grant Fund - established to account for revenues and expenditures relating to an economic development grant received from the New York State Office for Small Cities for infrastructure improvements in the Saratoga Technology and Energy Park ("STEP").
- * Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital expenditures. Capital projects ongoing as of December 31, 2008 include recreational and infrastructure improvement projects.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 1 Summary of Significant Accounting Policies, continued

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:

- * Service Award - established to account for the assets of the Town's Volunteer Firefighter Service Award Program which was created pursuant to General Municipal Law.

- * 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.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 1 Summary of Significant Accounting Policies, continued

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 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 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) Inventory

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

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 1 Summary of Significant Accounting Policies, continued

f) 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.

g) 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. The County will then reimburse 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
Exemption filing deadline	March 1
Final roll filed	July 1
Date taxes due	January 1
Date penalty period begins	February 1

h) 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.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 1 Summary of Significant Accounting Policies, continued

i) Fund Balance Reserves

The Town's fund balance reserves in the governmental fund financial statements represent those portions of the fund balance not available for appropriation or legally designated for a specific future use.

j) Contributed Infrastructure

Road infrastructure that has been determined to be in compliance with the Town's Code is 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.

k) Post-Retirement Benefits

In addition to pension benefits provided through the NYS Retirement System, the Town provides certain health care benefits for retired employees and their survivors. Substantially, all the Town's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing these post-retirement benefits by recording its share of insurance premiums as an expense in the year paid. For the year ended December 31, 2008 \$71,500 was paid on behalf of 10 retirees.

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.

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

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

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

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, 2008 the Town had the following pooled deposits and investments:

<u>Pool Deposits</u>	<u>Maturities</u>	<u>Rate</u>	<u>Fair Value</u>
Certificate of Deposit	7/6/09	4.09%	\$1,136,322
Certificate of Deposit	3/9/09	2.85%	\$ 589,250
Certificate of Deposit	2/9/09	3.80%	\$ 667,436
Certificate of Deposit	4/9/09	2.05%	\$1,006,500

Service Award Program

Money Funds	\$ 15,745
U.S. Equities (Cost Basis \$43,500)	\$ 27,341
International Equities (Cost Basis \$35,733)	\$ 35,294
Fixed Income (Cost Basis \$269,271)	\$ 263,166
Mixed Assets (Cost Basis \$47,413)	\$ 43,288
Other Assets (Cost Basis \$17,000)	\$ 11,870

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.

Note 3 Restricted Assets

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

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 3 Restricted Assets, continued

<u>Fund</u>	<u>Restricted Balance</u>	<u>Restriction</u>
Townwide General	\$ 165,279	Tax Stabilization
	23,479	Land Acquisition
	<u>737,308</u>	Building
	<u>926,066</u>	
Town Outside Village General	58,687	Tax Stabilization
	33,011	GEIS Mitigation
	548,503	Open Space
	<u>414,434</u>	Park
	<u>1,054,635</u>	
Town Outside Village Highway	136,865	Tax Stabilization
	150,000	LFTC Roads
	525,572	Highway Equipment Reserve
	<u>217,673</u>	Bridge Repair Capital Reserve
	<u>1,030,110</u>	
Capital Projects	<u>3,669,601</u>	Community Center
Total restricted assets	<u><u>\$6,680,412</u></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 \$70,000 as of December 31, 2008 and related interest has been eliminated in the preparation of the statement of net assets.

Note 4 Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers & Adjustments</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 1,640,924	\$ 469,025	\$ -	\$ -	\$ 2,109,949
Land Improvements	937,948	50,000	639,805	-	1,627,753
Work in Progress	1,808,297	18,895,873	(639,805)	-	20,064,365
Buildings	4,062,782	7,500	-	116,225	3,954,057
Infrastructure	20,897,542	3,064,817	-	77,858	23,884,501
Equipment	<u>3,416,481</u>	<u>255,009</u>	<u>-</u>	<u>102,677</u>	<u>3,568,813</u>
	<u>\$32,763,974</u>	<u>\$22,742,224</u>	<u>\$ -</u>	<u>\$ 296,760</u>	<u>\$55,209,438</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 4 Capital Assets and Depreciation, continued

Less Accumulated	Beginning		Transfers &		Ending
<u>Depreciation:</u>	<u>Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u>
Buildings	\$ 1,663,295	\$ 132,961	\$ -	34,868	\$ 1,761,388
Improvements	381,197	84,660	-	-	465,857
Infrastructure	11,633,361	833,394	-	75,280	12,391,475
Equipment	<u>1,853,816</u>	<u>248,035</u>	<u>-</u>	<u>79,162</u>	<u>2,022,689</u>
	<u>15,531,669</u>	<u>1,299,050</u>	<u>-</u>	<u>189,310</u>	<u>16,641,409</u>
Net capital assets	<u>\$17,232,305</u>	<u>\$21,443,174</u>	<u>\$ -</u>	<u>107,450</u>	<u>\$38,568,029</u>

Work in progress consists primarily of the construction of the Community Center Expansion (\$3,147,000) and construction of the LFTC roads (\$16,885,000).

Depreciation was charged to the following functions:

General Government	\$ 60,348
Transportation	1,015,623
Culture and Recreation	192,105
Public Safety	10,439
Home and Community Services	<u>20,535</u>
Total depreciation expense	<u>\$1,299,050</u>

Note 5 Due to Other Governments

In connection with the Luther Forest Technology Campus (LFTC) Road Project the Town entered into an inter-municipal agreement with the County of Saratoga to provide \$2,500,000 in cash to the Town, bearing interest 4%, as a means to provide the necessary funding needed in order for the Town to accept the New York State Multi-Modal grant for the LFTC Road Project which is a reimbursement driven grant. Simultaneously, the Town entered into an agreement with the Luther Forest Technology Campus Economic Development Corporation ("LFTCEDC") in which LFTCEDC agreed to reimburse the Town for the interest costs being incurred by Town relating to the County agreement.

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.

	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u>
General obligation serial bonds	<u>\$ -</u>	<u>\$3,400,000</u>	<u>\$ -</u>	<u>3,400,000</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 6 Noncurrent Liabilities, continued

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 115,000	\$ 133,110	\$ 248,110
2010	\$ 115,000	\$ 128,608	\$ 243,608
2011	\$ 120,000	\$ 124,106	\$ 244,106
2012	\$ 125,000	\$ 119,408	\$ 244,408
2013	\$ 130,000	\$ 114,514	\$ 244,514
2014-2018	\$ 740,000	\$ 491,724	\$1,231,724
2019-2023	\$ 925,000	\$ 332,971	\$1,257,971
2024-2028	<u>\$1,130,000</u>	<u>\$ 136,242</u>	<u>\$1,266,242</u>
 Total	 <u>\$3,400,000</u>	 <u>\$1,580,683</u>	 <u>\$4,980,683</u>

Note 7 Unearned Revenue

Unearned revenue consists of developer contributions towards future capital projects (\$32,407), for future wetland mitigation projects (\$7,260), and community center program and rental fees not considered available (\$33,585).

Note 8 Reserved Fund Balances

Townwide General Fund

Encumbrances - An amount reserved to satisfy purchase orders and other commitments for goods and/or services to be received in the following year.

Prepaid - An amount reserved for prepaid expenditures which are not considered available current financial resources.

Note receivable – Reserved monies due from the Malta Ambulance Corp. in the amount of \$45,000 for building construction costs.

Tax Stabilization Reserve - Pursuant to General Municipal Law, Section 6-e, the Town has established a Contingency and Tax Stabilization Reserve. The balance of this reserve as of December 31, 2008 was \$165,280.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 8 Reserved Fund Balances, continued

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 and improvement projects. The balance of this reserve as of December 31, 2008 was \$737,308.

Land Acquisition - The Town has designated \$23,478 for brush control land acquisition as of December 31, 2008.

Town Outside Village General Fund

Encumbrances - An amount reserved to satisfy purchase orders and other commitments for goods and/or services to be received in the following year.

Prepaid - An amount reserved for prepaid expenditures which are not considered available current financial resources.

Park Capital Reserve - 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. The balance of this reserve as of December 31, 2008 was \$414,434.

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. The balance of this reserve as of December 31, 2008 was \$548,503.

Tax Stabilization Reserve - Pursuant to General Municipal Law, Section 6-e, the Town has established a Contingency and Tax Stabilization Reserve. The balance of this reserve as of December 31, 2008 was \$58,687.

GEIS Mitigation – Restricted monies for mitigation associated with future land development. The balance of these mitigation funds as of December 31, 2008 were recreation \$30,898, open space \$1,076, and planning \$1,038.

Town Outside Village Highway Fund

Inventory - An amount reserved equivalent to the amount of inventory on hand which is not an expendable financial resource.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 8 Reserved Fund Balances, continued

Prepaid - An amount reserved for prepaid expenditures which are not considered available current financial resources.

Tax Stabilization Reserve - Pursuant to General Municipal Law, Section 6-e, the Town has established a Contingency and Tax Stabilization Reserve. The balance of this reserve as of December 31, 2008 was \$136,865.

Highway Equipment Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established a highway equipment reserve. The balance of this reserve as of December 31, 2008 was \$525,572.

Bridge Repair Capital Reserve - Pursuant to General Municipal Law, Section 6-d, the Town has established a bridge repair capital reserve. The balance of this reserve as of December 31, 2008 was \$217,673.

Luther Forest Technology Campus ("LFTC") Roads – amounts received as a host benefit contribution for the operation and maintenance of the interior of the LFTC project. The balance of this designated account as of December 31, 2008 was \$150,000.

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

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

Reconciliation of governmental fund balances to net assets:

Governmental fund balances	\$ 9,046,946
Reflect capital assets net of accumulated depreciation	38,568,029
Eliminate interfund investment for sewer improvements	(70,000)
Reflect bonds issued	(3,400,000)
Recognize unearned fine revenues	46,341
Accrue interest on bonds	(38,824)
Reflect volunteer service award programs	<u>39,731</u>
Government activities net assets	<u>\$ 44,192,223</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 8

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

Reconciliation of net changes in fund balances – total governmental funds to changes in net assets of governmental activities:

Net changes in fund balances – total government funds	\$ 772,761
Capitalize capital assets acquisitions and improvements	19,761,038
Recognize contributed land and infrastructure	2,981,486
Record depreciation expense	(1,299,050)
Reflect loss on disposal of fixed assets	(104,872)
Proceeds from sewer bonds	(3,400,000)
Recognize accrued and prepaid expense, interfund debt service and deferred revenues	<u>(19,522)</u>
Change in net assets of governmental activities	<u>\$ 18,691,841</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 assets 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.

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 assets. 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 9

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

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 9 Retirement Benefits, continued

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. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions. The 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>
2008	\$146,153
2007	\$147,107
2006	\$145,121

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2009 would be based on the pension value as of March 31, 2008)

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years. This law requires 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 2008. The Town of Malta elected to make full payment of their retirement bill.

Note 10 Volunteer Firefighter Service Award Program

Plan Description

In connection with the Town's fire protection service contracts with the Village of Round Lake

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 10 Volunteer Firefighter Service Award Program, continued

and a local volunteer fire company, the Town, by mandatory referendum, implemented a volunteer firefighter service award program effective January 1, 1999. 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, by mandatory referendum, amended the program to provide a monthly service award of \$20 for years beginning January 1, 2008. As of December 31, 2007 one hundred seventeen (117) 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.

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

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 10 Volunteer Firefighter Service Award Program, continued

- * A prior service amortization period of 10 years (Deemed fully funded)
- * 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 5 years at 6.0%.

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, 2007 and 2006

Annual Service Award Program Cost and Net Pension Asset

	<u>2007</u>	<u>2006</u>
Normal Program Cost	\$45,377	\$47,313
Administration Fees	<u>3,431</u>	<u>5,078</u>
Total required contribution	48,808	52,391
Interest on net pension asset	(2,464)	(1,738)
Adjustment to annual required contribution	<u>3,158</u>	<u>2,228</u>
Annual Service Award Program Cost	49,502	52,881
Contributions Made	<u>60,000</u>	<u>65,000</u>
Increase in net pension asset	10,498	12,119
Net pension asset beginning of year	<u>41,064</u>	<u>28,945</u>
Net pension asset end of year	<u>\$51,562</u>	<u>\$41,064</u>

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 94,846	\$69,961	\$47,664
Terminated volunteers entitled to but not yet receiving benefits	60,239	49,913	35,072
Active volunteer firefighters	<u>278,583</u>	<u>267,025</u>	<u>248,515</u>
Total present value of accrued benefits	433,668	386,899	331,251
Net assets available for benefits	<u>426,069</u>	<u>347,892</u>	<u>262,283</u>
Unfunded actuarial liability	<u>\$ 7,599</u>	<u>\$39,007</u>	<u>\$68,968</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 10 Volunteer Firefighter Service Award Program, continued

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Program Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Program Assets</u>
2005	\$59,383	109%	\$28,945
2006	\$52,881	123%	\$41,064
2007	\$48,808	121%	\$51,562

Note 11 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. 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, 2007 thirty-four (34) 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

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 11 Volunteer Ambulance Worker Service Award Program, continued

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:

- * 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
- * A prior service amortization period of 5 years
- * A prior service funding interest rate of 6.5%

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, 2007 and 2006:

Annual Service Award Program Cost and Net Pension Asset

	<u>2007</u>	<u>2006</u>
Normal Program Cost	\$13,318	\$11,684
Contribution Timing Adjustment	760	-
Administration Fees	<u>2,414</u>	<u>2,341</u>
Total required contribution	16,492	14,025
Interest on net pension obligation	782	853
Adjustment to annual required contribution	<u>(986)</u>	<u>(1,141)</u>
Annual Service Award Program Cost	16,288	13,737
Contributions Made	<u>16,492</u>	<u>14,831</u>
Decrease in net pension obligation	(204)	(1,094)
Net pension asset obligation, beginning	<u>12,035</u>	<u>13,129</u>
Net pension asset obligation, end	<u>\$11,831</u>	<u>\$12,035</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 11 Volunteer Ambulance Worker Service Award Program, continued

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 9,205	\$ -	\$ -
Terminated volunteers entitled to but not yet receiving benefits	4,032	3,786	3,534
Active volunteer ambulance workers	<u>63,097</u>	<u>59,897</u>	<u>51,033</u>
Total present value of accrued benefits	76,334	63,683	54,567
Net assets available for benefits	<u>110,860</u>	<u>93,552</u>	<u>71,644</u>
(Over)Unfunded actuarial liability	<u>\$(34,526)</u>	<u>\$(29,869)</u>	<u>\$(17,077)</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>Pension</u> <u>Obligation</u>
2007	\$16,288	102%	\$11,831
2006	\$13,737	108%	\$12,035
2005	\$15,192	102%	\$13,129

Note 12 Deferred Compensation

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 as amended by the Job Protection Act of 1996. 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. In 2003 the Town became a participant in the New York State Deferred Compensation Program and the New York State Deferred Compensation Board are the trustees of the plan. As a result the market value of the Plan's assets totaling \$442,937 as of December 31, 2008 have not been reported in the fiduciary fund financial statements.

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 13 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, 2008 were as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Purpose of Expense</u>
Townwide General Fund	\$ 600	\$1,167,000	Community Center Project
Part-Town General Fund	\$ -	\$1,500,000	Community Center Project
Highway Fund	\$ 100,000	-	
Access Improvements	\$ -	\$ 100,000	Road Resurfacing Project
Community Center Project	\$2,567,000	-	
Bikeway Capital Project	\$ -	\$ 10,000	Community Center Sidewalk
Community Center Sidewalk Proj.	\$ 10,000	-	
Park Capital Projects	\$ 100,000	-	
Water Supply Fund	-	600	Administrative Services
	<u>\$2,777,600</u>	<u>\$2,777,600</u>	

Individual fund interfund receivable and payable balances arising from these transactions as of December 31, 2008 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Townwide General Fund	\$194,383	\$ -
Dunning/Plains Road Project	-	124,994
Sidewalk Project	-	181
CDBG	-	460
Trust & Agency	-	68,748
Total	<u>\$194,383</u>	<u>\$194,383</u>

Amounts collected by the Town Courts in December of 2008 which were transferred to the town-wide general fund in January 2009 have been reflected as cash and eliminated from the statements of net assets and fiduciary net assets as an interfund transaction.

Note 14 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	\$13,358
Culture and Recreation	54,848
Home and Community Services	<u>10,501</u>
	<u>\$78,707</u>

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 15 Commitments and Contingencies

Litigation

The Town has been named as a defendant along with a local developer, the developer's consultants and the Town's engineer by nine plaintiffs within a Town subdivision due to water and sewer infrastructure problems within the subdivision. The plaintiff's are seeking replacement of the infrastructure, compensatory damages of \$250,000 for each plaintiff, \$25,000 for legal fees incurred for each plaintiff, restitution and reimbursement of plaintiff's costs relating to site conditions, civil penalties and \$1,000,000 cash bond to be posted to ensure the infrastructure problems are corrected. The Town's insurer retained counsel on the Town's behalf. Counsel moved for summary judgment, and the motion was granted. Upon information and belief, no notice for appeal was filed, and the time in which to do so has expired.

In addition to the aforementioned lawsuit the Town becomes involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and suits contesting assessments. The Town intends to defend these claims vigorously. No adjustments have been made to the financial statements for the year ended December 31, 2008 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, 2008 the Town's workers' compensation premium was \$30,786. 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, 2007 (last available information) the plan had a reserved balance of \$3,103,589. Generally accepted accounting principles require that the estimated loss from the incurrence of a contingent liability should be accrued by a charge to income. The County has not computed or recorded the estimated unpaid claims liability nor the estimated "incurred but not reported" claims liability of the plan. Therefore, the financial statements for County's Internal Service Fund are not in accordance with generally accepted

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 15 Commitments and Contingencies, continued

accounting principles. 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.

Municipal Gravel Bank Agreement

To provide the necessary sand, crushed stone and gravel for their respective Towns, the Towns of Malta, Greenfield and Ballston had entered into an agreement for the joint operation and maintenance of a gravel bank. In 2008 the Town determined it was not cost beneficial to continue this intermunicipal arrangement and pursuant to the agreement received \$37,666 representing the fair market value of the equipment and the cost of the land.

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, 2008 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. As of December 31, 2008 the Town of Malta is pursuing through the NYS Court System the collection of approximately \$10,000 in engineering fees relating to one particular project within the Town that has been essentially built-out and the road system dedicated to the Town. Except for the aforementioned project, the Town is not aware of any other project for which there is not an adequate letter of credit or performance bond.

Grants

Furthering the Town's goal of protecting open space the Town and Saratoga PLAN acquired approximately 30 acres and 90 acres, respectively, in February 2008. The total cost of this open

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 15 Commitments and Contingencies, continued

space acquisition to the Town was \$790,000 of which the Town received \$100,000 from the Saratoga County Open Space Grant Program and \$350,000 to be received from New York State Office of Parks Recreation and Historical Resources as a result of a grant application filed by Saratoga PLAN. To protect the Town's interest Saratoga Plan was required to execute a promissory note payable to the Town for \$350,000 bearing interest at 9% one year after closing. As of the date of this report the Town has not been reimbursed from Saratoga Plan, but NYS has notified Plan that the State funding should be received by March 31, 2009.

The Town has been awarded grants for such purposes as economic development, road construction 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, 2008.

Community Development

The Town was awarded a \$750,000 economic development block grant from the New York State Office for Small Cities for infrastructure improvements at the Saratoga Technology and Energy Park ("STEP"). As of the date of this report the infrastructure improvements have been completed, however due to the current economy, the STEP's businesses have had to temporarily lay off some of their employees and delayed the process of hiring additional employees as set forth in the grant agreement. New York State Office for Small Cities has verbally notified the Town of concerns about required job creation and that the Town would be obligated to repay the funding if the projected jobs were not created. Concurrently, the Town has notified the New York State Energy Research and Development Authority ("NYSERDA") of their obligation to indemnify the Town for any grant funding repayments per the sub-recipient agreement entered into between the Town and NYSERDA.

Luther Forest Technology Campus Road Project

In April 2008 the Town awarded the bid in the amount of \$33,054,856 for the construction of 5.5 miles of road and related amenities for the Luther Forest Technology Campus. NYS Multi-modal funding of \$36,921,500 and New York Economic Development Capital Program funding of \$6,400,000 was secured to finance the construction and related inspection and administration of the project. Additionally, the Town has entered into an inter-municipal agreement with Saratoga County to provide \$2,500,000 in advance funding for the project that will be repaid to County including interest at 4% when the project is completed. The Town has also entered into

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

Note 15 Commitments and Contingencies, continued

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 contributions, and funding. A memorandum of understanding has also been entered into with the New York State Department of Transportation to assist in the coordination and general oversight of the project.

Dunning Street and Plains Road Roundabout Projects

The Town has been awarded approximately \$3,177,000 in federal and state aid for the construction of two roundabouts along Dunning Street and Plains Road. Engineering and design services are 95% reimbursable from the federal and state monies with the New York State Energy Research Development Authority responsible for 2.5%, the County of Saratoga responsible for 1.25% and the remaining 1.25% being the Town's share. Construction costs will be 100% federally reimbursable. The project was substantially completed in 2008 with minor landscaping and other aesthetic features to be completed in the Spring of 2009. Although the project costs have been accounted for in the Town's financial statements in the capital projects fund, no fixed asset "work in progress" costs have been accounted for in relation to the project since the proposed road improvements are to county roads.

CK Sanitary Sewer System, Inc.

On November 30, 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. Sewer districts have been formed by both Towns and an inter-municipal agreement has been 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, 2008 is as follows:

Current assets	\$989,000
Current liabilities	\$ 71,000
Designated for Capital Projects	\$421,000
Fund balance	\$497,000
Revenues	\$749,000
Expenditures	\$583,000

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TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

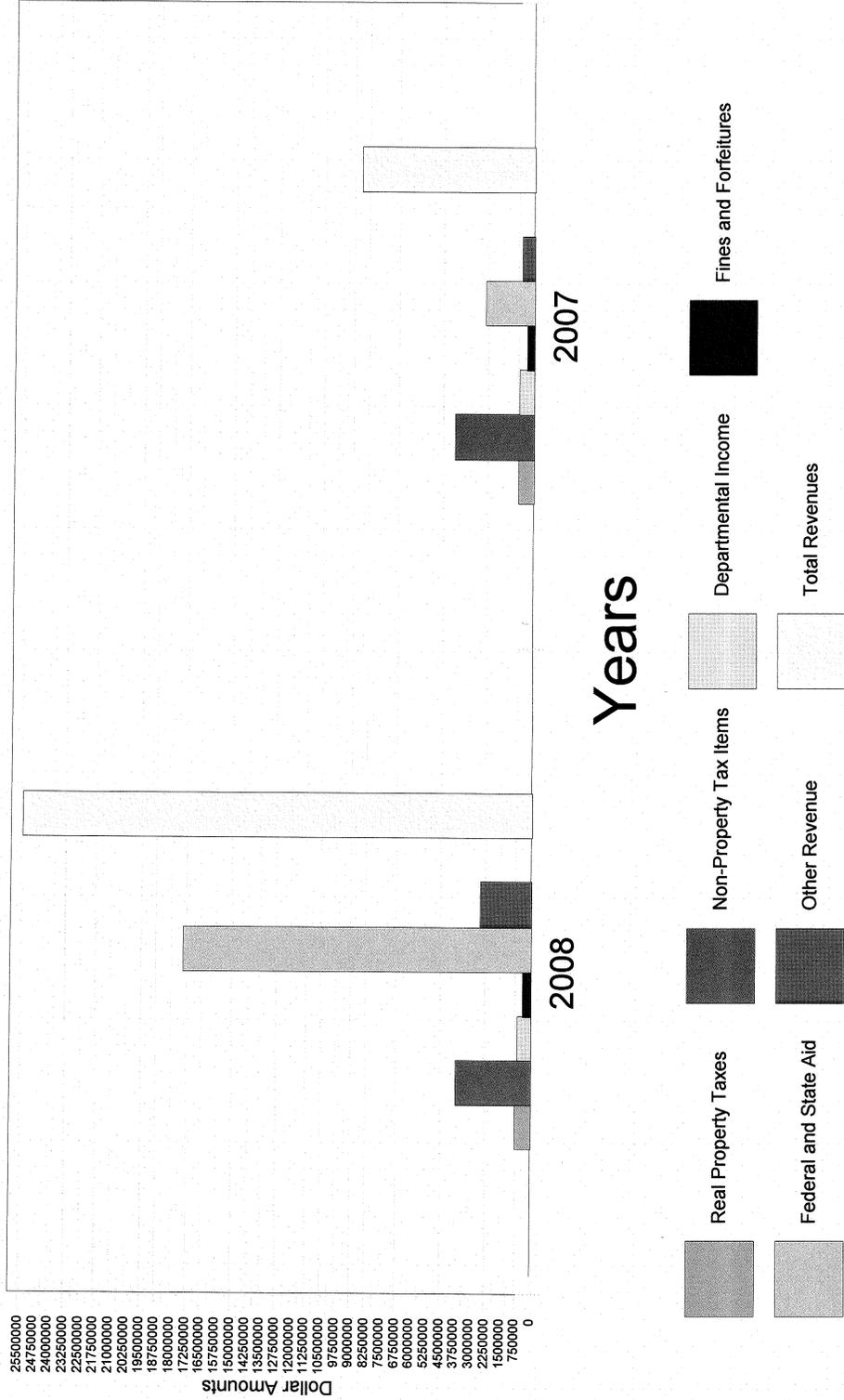
Note 15 Commitments and Contingencies, continued

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)

In June 2006 GASB issued Statement 45 OPEB which establishes new standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities, note disclosures, and applicable supplementary information in the financial reports of state and local government employers throughout the United States. When implemented, it will require new information regarding current and long-term liabilities for post-employment health care and other similar benefits. The Town will be required to implement this standard in its fiscal year beginning January 1, 2009. As of the date of this report the Town has not yet determined the full impact that the adoption of GASB Statement 45 will have on its financial statements.

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Town of Malta Revenue Comparison



Town of Malta Expenditure Comparison

