



Financial Report

December 31, 2010



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“American Public Works Association Project of the Year for Transportation Projects
\$20-\$40 Million - Newly Constructed Roads for Access to the GlobalFoundries
Nanotechnology Project”

TOWN OF MALTA, NEW YORK
TABLE OF CONTENTS
DECEMBER 31, 2010

	<u>PAGE</u>
Management's Discussion and Analysis	1-13
Independent Auditor's Report on the Financial Statements	14
Government-Wide Financial Statements	
Statement of Net Assets	15
Statement of Activities and Changes in Net Assets	16
Governmental Fund Financial Statements	
Combined Balance Sheet - Governmental Funds	17-18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19-20
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	21
Statement of Changes in Fiduciary Net Assets	22
Budgetary Comparison Financial Statements	
Budgetary Comparison Statement-Townwide General Fund	23-24
Budgetary Comparison Statement-Town Outside Village General Fund	25-26
Budgetary Comparison Statement-Town Outside Village Highway Fund	27-28
Budgetary Comparison Statement-Fire Protection Fund	29
Notes to the Financial Statements	30-58
Additional Report Required by Government Auditing Standards	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit on Financial Statements Performed in Accordance with Government Auditing Standards	59-60
Supplementary Information	
Revenue Comparison Graph	61
Expenditure Comparison Graph	62



TOWN OF MALTA

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TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

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, 2010. 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 \$2,362,000 as a result of this year's operations with the majority of the increase due to the completion of the construction of 5.5 miles of roads for the Luther Forest Technology Campus ("LFTC") which were funded with NYS Multi-Modal grant. Approximately \$2,264,000 was expended for this project in 2010.
- Construction of the first nanotechnology facility continued in 2010 with the Town receiving approximately \$552,000 in building permits and code enforcement officer fees, \$1,425,000 in escrowed engineering fees and \$878,000 in recreation/open space mitigation fees.
- Total Town revenues generated in 2010 were \$13,197,000 compared to total governmental activity costs of \$10,835,000.
- Commencement of construction also began on the Ellsworth Commons Project with the Town receiving approximately \$217,000 in building permits, 222,000 in traffic mitigation fees, and \$67,000 in open space/recreation mitigation fees.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

FINANCIAL HIGHLIGHTS, continued

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.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

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 decreased from \$64.8 million a year ago to \$59.4 million this year. Our analysis below focuses on the net assets of the Town's governmental activities.

Net Assets (in Thousands)	<u>2009</u>	<u>2010</u>
Current assets	\$ 8,709	\$ 5,137
Noncurrent assets, primarily restricted cash and investments	6,433	7,805
Capital assets, net of depreciation	<u>58,480</u>	<u>51,021</u>
Total assets	<u>\$73,622</u>	<u>\$63,963</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

	<u>2009</u>	<u>2010</u>
Current liabilities	\$ 5,658	\$ 1,134
Long-term liabilities	<u>3,170</u>	<u>3,484</u>
Total liabilities	<u>8,828</u>	<u>4,618</u>
Net assets:		
Invested in capital assets, net of debt	55,195	47,851
Restricted	3,475	3,821
Unrestricted	<u>6,124</u>	<u>7,673</u>
Total net assets	<u>\$64,794</u>	<u>\$59,345</u>

Total net assets of the Town, including contributed infrastructure, decreased by \$5,449,000 or by 8.4%. 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 increased by \$1,549,000 primarily due to the fees received in relation to the construction of the first nanotechnology facility and the Ellsworth Commons Project in the Town and rebounding sales tax revenues. 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 \$346,000 primarily due to the parkland recreation fees relating on ongoing development. The decrease in net assets invested in capital assets was primarily due to the completion of the construction of the LFTC Road Project and the subsequent transfers of the portion of roads constructed in the Town of Stillwater, the water transmission main and duct bank for the underground utility transmission line.

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, 2010

THE TOWN AS A WHOLE (continued)

	(financial ratios in thousands)	
	<u>2009</u>	<u>2010</u>
Working Capital	\$3,051	\$4,003
Current Ratio	1.54	4.53

“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>2009</u>	<u>2010</u>
Days Cash and Investments in Reserve	204	117
Liabilities to Net Assets	13.62	7.78

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 School Assessment Aid
Transportation	CHIPS Capital Grants, Multi-Modal State Aid, Legislative State Aid, NYSERDA Transportation Funding, Developer Contributions and Fuel Charges
Culture and Recreation	Parks, Youth and Historical Resources Grants, Developer Recreation Fees, Mitigation Fees, Recreation Program Fees and Contributions

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

Home and Community Services Building and Planning Fees, Sewer Charges,
 Planning Grants and Mitigation Fees

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

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

	<u>2009</u>	<u>2010</u>
Revenues		
Fees, fines and charges for services	\$2,688	\$ 3,245
Operating grants and contributions	159	62
Capital grants and contributions	19,214	3,971
Property taxes	858	1,298
Franchise taxes	143	152
Sales taxes	3,356	3,611
Mortgage taxes	638	762
State aid	28	26
Use of money and property	179	137
Disposal of property	<u>19</u>	<u>(67)</u>
Total revenues	<u>27,282</u>	<u>13,197</u>
Expenses		
General government	1,352	1,525
Public safety	865	1,282
Health	418	409
Transportation	2,209	3,656
Economic assistance	46	16
Culture and recreation	1,805	1,557
Home and community service	<u>1,136</u>	<u>2,390</u>
Total expenses	<u>7,831</u>	<u>10,835</u>
Increase in net assets	<u>\$19,451</u>	<u>\$ 2,362</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

The Town's total revenues decreased by 52% (\$14,085,000) as the Town's total expenses increased by 38% (\$3,004,000). Significant factors resulting in these changes are as follows:

- Fees, fines and charges for services increased primarily due to building permits and code enforcement fees of \$552,000 collected relating to the construction of the first nanotechnology facility and \$217,000 relating to the construction of Ellsworth Commons.
- Grants and contributions revenues vary from year to year due to the particular projects undertaken and competitiveness of available grant funding. Primarily the decrease is due to the Town received Multi-Modal Grant funding and developer contributions of \$2,220,000 in 2010 to complete the LFTC Road Project compared to \$17,186,000 in 2009.
- Property taxes increased by \$440,000 as a result of increases in fire protection services contracts as a result of the recently completed fire protection master plan.
- Sales tax revenue increased in 2010 by \$255,000 or 7.6 % due to rebounding economy.
- Although the housing market has slowed considerably the Town's mortgage tax revenues increased due to the commencement of the Ellsworth Common Project in 2010 with the Town receiving \$762,000 in mortgage tax revenues compared to \$638,000 in 2009. Both of these years were higher than the Town's annual 10 year average of \$607,000.
- Transportation expenses increased primarily as a result of depreciation expense of \$1,029,000 on the completed 5.5 miles of road within the LFTC Campus. Miscellaneous road repairs, rising employee benefit cost and the recording of post-employment health benefits account for the remainder of the increase.
- Deprecation adjustments to community center expansion assets represent the majority of the decrease in culture and recreation expenses.
- Increasing engineering consulting services of \$1,081,000 relating to the construction of the first nanotechnology facility and other development projects and planning services relative to the possible rezoning of "downtown" Malta of \$50,000 are the main factors in the increase in home and community expenses in 2010.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

- Other additional factors contributing to the increase in expenses are rising current employee benefit costs and the estimated cost of post employment health benefits of \$434,000.

The Town's Funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$11.9 million, which is above last year's total of \$9.6 million. The combined fund balance of \$11.9 million includes \$ 7.3 million of reserve and designated funds for such items as open space protection, parks, highway equipment, buildings, road projects, mitigation projects, capital projects and tax stabilization. The primary reason for the increase in the fund balances is the rebounding economy, effects of the construction of the first nanotechnology facility, commencement of construction of Ellsworth Commons Project and prudent spending.

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, 2009 and 2010.

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2009</u>	<u>2010</u>
Revenues		
Real property taxes	\$ 858	\$ 1,298
Non-property tax items	3,500	3,764
Departmental income	2,790	4,426
Fines and forfeitures	380	306
State and federal aid	16,417	2,906
Other general revenues	<u>3,340</u>	<u>607</u>
Total revenues	<u>\$27,285</u>	<u>\$13,307</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

	<u>2009</u>	<u>2010</u>
Combined Statement of Revenues and Expenditures (In Thousands)		
Program Expenditures		
General government support	\$ 1,202	\$ 1,240
Public safety	863	1,279
Health	418	417
Transportation	18,605	3,865
Economic assistance	46	16
Culture and recreation	3,685	1,051
Home and community	997	2,149
Employee benefits	657	734
Debt Service	<u>260</u>	<u>256</u>
Total expenses	<u>\$26,733</u>	<u>\$11,007</u>

The Town's total fund revenues decreased by 51.2% (\$13,978,000) in 2010 while the Town's total fund expenditures decreased by 58.8 % (\$15,726,000). 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 which was substantially completed in 2009 with minimal work to be completed in 2010, completion of the construction of Dunning Street/Plains Road improvements in 2009, various fees and permits collected relating to the commencement of construction of the first nanotechnology facility and Ellsworth Commons Project, increases to property taxes for fire protection service contracts and the rebounding economy fueling sales tax growth, all contribute to the net decrease in total fund revenues.
- Contractual obligations for fire protection increased as a result of the completion of the Town's Fire Protection Master Plan and the need to provide additional funding for capital and operating needs.
- The Town resurfaced approximately .85 miles of road in 2010 for \$94,000 and replaced a major culvert on Chango Drive for \$185,000 compared to resurfacing approximately 2.26 in 2009 for \$403,000. 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

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

2010 the Town purchased \$192,000 of miscellaneous highway equipment compared to \$50,000 in 2009. Transportation expenditures primarily decreased due to the substantial completion of construction of the LFTC road project in 2009 with only minimal work needed to be completed in 2010.

- Approximately, \$2,783,000 was expended in 2009 to complete construction of the Community Center Expansion Project.
- Increasing engineering consulting services of \$1,081,000 relating to the construction of the first nanotechnology facility and other development projects and planning services relative to the possible rezoning of "downtown" Malta of \$50,000 are the main factors in the increase in home and community expenses in 2010.

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 2010 Town amended it's budget for the following significant transactions:

- Authorized supplemental appropriations of \$2,461,000 and related developer contributions for inspection services relating to the construction of the first nanotechnology facility and other development projects in the Town.
- Authorized \$75,000 increase for assessor professional fees to defend assessments and \$45,000 increase in school district contributions toward assessment litigation.
- Authorized \$29,000 increase for highway garage asbestos abatement project.
- Authorize \$64,000 increase for a Town facility master plan.
- Authorize increase in highway budget for general repairs \$57,000.
- Authorized deferment of developer funding for LFTC future road maintenance \$110,000.
- Amended 2010 Adopted Budget for 2009 encumbrances \$187,000.
-

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

THE TOWN AS A WHOLE (continued)

Even with these adjustments, the actual charges to appropriations (expenditures) including outstanding encumbrances were approximately \$1,505,000 below the final budgeted amounts of which approximately \$1,033,000 relates to budget amendment to escrowed developer engineering fees. Resources available for appropriation were \$48,000 above the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2010, the Town had \$71.5 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>2009</u>	<u>2010</u>
Land	\$ 2,115	\$ 2,115
Land improvements	1,828	1,863
Buildings and improvements	9,696	9,530
Infrastructure	25,085	53,821
Equipment	3,846	4,064
Work in progress	<u>34,101</u>	<u>131</u>
Totals	<u>\$76,671</u>	<u>\$71,524</u>

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

Purchase of highway and other equipment	\$ 208
Resurfacing and reconstruction of Town roads	94
Park and trail planning	112
Culvert replacement project	185
Construction of sidewalks	35
Community Center flooring and recreation equipment	28
Infrastructure dedicated to Town from local developers	66
LFTC Interior Road Project	<u>2,222</u>
	<u>\$ 2,950</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Major capital projects and acquisitions planned for 2011 are as follows (in thousands):

Design and construction of sidewalks and trails	\$ 1,000
Park development	\$ 2,000
Highway garage expansion project	\$ 2,000
Equipment purchases	\$ 100
Road resurfacing projects	\$ 400

The Town's intention to finance the remainder of these projects with current budgetary appropriations, existing capital reserves and unappropriated fund balance, mitigation fees, grants 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. In 2008 the Town issued \$3,400,000 in serial bonds to finance a portion of the community center expansion project. These twenty year bonds bear interest at 3.915% and as of December 31, 2010 \$3,170,000 in bonds was outstanding. In order to perform the necessary improvements to Downtown Sewer District #1, the Sewer District issued bonds in 2005 in the amount of \$100,000 bearing interest at 4% which were purchased by the Town's Highway Capital Equipment Reserve. As of December 31, 2010, \$50,000 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 2011 budget and tax rates. One of those factors is the economy. The Town is poised to experience growth at a nominal pace both from a commercial and residential standpoint due to the on-going construction of the first nanotechnology facility in the Luther Forest Technology Campus. Several major infrastructure projects relating to the project have been substantially completed by the State, County, Town and the Luther Forest Economic Development Corp. (ie, water, sewer, utilities and roads). Property assessments for fire protection increased from 1,507 million in 2010 to 1,668 million in 2011 as a result of on-going construction of the first nano-technology facility. The Town estimates its population has grown from its 2010 census count of 14,765.

These factors, along with national and regional trends, were taken into account when adopting the Town's budget for 2011. Projected 2011 estimated revenues were \$7.6 million as compared

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010

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

to \$7.4 million in the adopted 2010 budget. The general town tax levy of \$30,000 was approved to fund the service award program for the volunteer ambulance workers. There will be no highway tax for the tenth consecutive year and the Town's fire protection tax rate will remain the same at \$.8240 per thousand.

Budgeted expenditures have increased from \$7.5 million to \$7.8 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 2011 adopted budget are the following items:

- COLA salary increases and rising employee benefit costs
- Technology improvements and miscellaneous equipment
- Infrastructure maintenance
- Utility costs
- Snow removal costs
- Park and recreation planning, improvements and maintenance
- Community planning
- Contractual increases for fire protection services
- Deferment of LFTC road improvement funding and reduction in committee and not-for-profit budgets

If these estimates are realized, the Town's fund balance is expected to decrease by approximately \$215,000 in 2011. Except the capital projects previously identified in the Capital Asset section of this discussion and the Town-wide refuse collection which has been budgeted for \$25,000, the Town has not added any new major programs or initiatives to the 2011 budget.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Town of Malta, New York, as of and for the year ended December 31, 2010, 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, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 1 through 13 and the supplementary information on pages 61 and 62 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2011 on our consideration of the Town of Malta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 21, 2011

TOWN OF MALTA, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS

Current assets:	
Cash and cash equivalents	\$3,474,405
Other receivables	597,440
State and federal receivables	268,116
Due from other governments	666,865
Prepaid expenses	84,192
Inventory	<u>46,179</u>
Total current assets	<u>5,137,197</u>
Noncurrent assets:	
Restricted assets	
Cash, cash equivalents and investments	7,711,480
Service award	63,748
Note receivable	30,000
Capital assets, net of accumulated depreciation	
Land	2,115,149
Infrastructure and land improvements, net	40,116,596
Buildings, property and equipment, net	<u>8,788,950</u>
Total noncurrent assets	<u>58,825,923</u>
Total assets	<u>\$63,963,120</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued liabilities	\$ 659,319
Due to other governments	264,144
Unearned revenues	58,528
Benefits payable	32,143
Current portion of bonds	<u>120,000</u>
Total current liabilities	<u>1,134,134</u>
Noncurrent liabilities:	
Benefits payable	434,334
Bonds	<u>3,050,000</u>
Total long-term liabilities	<u>3,484,334</u>
Total liabilities	<u>4,618,468</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Invested in capital assets, net of related debt	47,850,695
Restricted for:	
Open space, parks and recreation	1,712,405
Building	764,393
Transportation	757,352
Tax stabilization	371,630
Ensuing year's budget	214,928
Unrestricted	<u>7,673,249</u>
Total net assets	<u>59,344,652</u>
Total liabilities and net assets	<u>\$63,963,120</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, 2010

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Fees, Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
General Government	\$ 1,525,015	\$ 370,698	\$ 22,812	\$ 7,581	\$ (1,123,924)
Public Safety	1,282,234	-	11,683	-	(1,270,551)
Health	409,150	-	-	-	(409,150)
Transportation	3,656,059	33,438	14,138	2,575,537	(1,032,946)
Economic assistance	16,125	-	-	-	(16,125)
Culture and recreation	1,556,574	258,718	13,646	1,387,421	103,211
Home and community services	<u>2,390,195</u>	<u>2,582,272</u>	<u>-</u>	<u>-</u>	<u>192,077</u>
Total governmental activities	<u>\$10,835,352</u>	<u>\$3,245,126</u>	<u>\$ 62,279</u>	<u>\$3,970,539</u>	<u>(3,557,408)</u>
General revenues:					
Property taxes					1,297,775
Franchise taxes					152,312
Sales taxes					3,611,321
Mortgage taxes					762,328
State aid					26,150
Use of money and property					136,793
Disposal of property					<u>(67,312)</u>
Total general revenues					<u>5,919,367</u>
Change in net assets					2,361,959
Net assets, beginning					64,794,252
Contributed infrastructure					<u>(7,811,559)</u>
Net assets, ending					<u>\$59,344,652</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

ASSETS	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
Cash and cash equivalents	\$ 941,376	\$ 1,190,881	\$ 829,302	\$ 46,827	\$ 268,385	\$ 14,211	\$ 3,290,982
Other receivables	299,298	244,846	2,651	29,461	21,000	184	597,440
State and Federal receivables	212,704	4,711	250	-	50,451	-	268,116
Due from other governments	316,638	145,082	205,145	-	-	-	666,865
Due from other funds	72,512	-	-	-	-	-	72,512
Prepaid expenses	41,496	12,207	30,489	-	-	-	84,192
Restricted cash, cash equivalents and investments	956,083	4,363,800	1,058,683	-	1,382,914	-	7,761,480
Note receivable	30,000	-	-	-	-	-	30,000
Inventory	4,301	-	41,878	-	-	-	46,179
Total assets	<u>\$ 2,874,408</u>	<u>\$5,961,527</u>	<u>\$ 2,168,398</u>	<u>\$ 76,288</u>	<u>\$ 1,722,750</u>	<u>\$ 14,395</u>	<u>\$ 12,817,766</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2010

		Town General	Town Outside Village	Town Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$	100,716	231,034	80,285	24,425	71,651	2,386	510,497
Due to other governments		234,683	-	-	29,461	-	-	264,144
Unearned revenue		83,082	7,260	-	-	23,000	-	113,342
Due to other funds		-	-	-	-	1,614	100	1,714
Compensated absences		17,145	9,028	3,230	-	-	-	29,403
		<u>435,626</u>	<u>247,322</u>	<u>83,515</u>	<u>53,886</u>	<u>96,265</u>	<u>2,486</u>	<u>919,100</u>
Total liabilities								
COMMITMENTS AND CONTINGENCIES								
Fund Balances								
Reserved for:								
Encumbrances		112,574	6,021	-	-	-	-	118,595
Open space and parks		-	1,375,466	-	-	336,939	-	1,712,405
Inventory		4,301	-	41,878	-	-	-	46,179
Prepaid		41,496	12,207	30,489	-	-	-	84,192
Tax stabilization		170,370	59,710	141,550	-	-	-	371,630
Building		757,352	-	-	-	-	-	757,352
Highway		-	-	764,393	-	-	-	764,393
Unreserved:								
Designated - ensuing year's budget		65,723	118,130	31,000	-	-	75	214,928
Designated - note receivable		30,000	-	-	-	-	-	30,000
Designated -board projects		24,004	-	86,552	-	-	-	110,556
Designated - mitigation		-	2,925,321	-	-	-	-	2,925,321
Designated - LFTC		4,357	3,303	66,188	-	-	-	73,848
Undesignated		1,228,605	1,214,047	922,833	22,402	1,289,546	11,834	4,689,267
		<u>2,438,782</u>	<u>5,714,205</u>	<u>2,084,883</u>	<u>22,402</u>	<u>1,626,485</u>	<u>11,909</u>	<u>11,898,666</u>
Total fund balances								
Total liabilities and fund balances	\$	<u>2,874,408</u>	<u>5,961,527</u>	<u>2,168,398</u>	<u>76,288</u>	<u>1,722,750</u>	<u>14,395</u>	<u>\$12,817,766</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, 2010

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
Revenues:	\$ 41,182	\$ -	\$ -	\$ 1,241,600	\$ -	\$ 5,026	\$ 1,287,808
Real property taxes	9,349	-	-	618	-	-	9,967
Real property tax items	1,683,487	703,144	1,377,002	-	-	-	3,763,633
Non-property tax items	258,726	4,040,152	-	-	-	127,146	4,426,024
Departmental income	53,640	-	36,577	3,240	3,879	600	97,936
Intergovernmental charges	63,703	32,419	18,199	1,351	23,247	274	139,193
Use of money and property	1,195	-	-	-	-	-	1,195
Licenses and permits	306,070	-	-	-	-	-	306,070
Fines and forfeitures							
Sale of property and compensation for loss	7,747	15,597	16,602	-	-	-	39,946
Miscellaneous local sources	14,099	8,443	1,523	-	305,122	-	329,187
State aid	793,252	33,628	66,951	-	1,996,662	-	2,890,493
Federal aid	-	-	-	-	15,558	-	15,558
Total Revenues	3,232,450	4,833,383	1,516,854	1,246,809	2,344,468	133,046	13,307,010
Other Financing Sources:							
Transfers in	106,600	-	86,333	-	7,000	-	199,933
Total Revenues and Other Financing Sources	3,339,050	4,833,383	1,603,187	1,246,809	2,351,468	133,046	13,506,943

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, 2010

	Townwide <u>General</u>	Town Outside Village <u>General</u>	Town Outside Village <u>Highway</u>	Town Village <u>Protection</u>	Total Capital <u>Projects</u>	Other Governmental <u>Funds</u>	<u>Total</u>
EXPENDITURES AND OTHER FINANCING USES							
Expenditures:							
General governmental support	\$ 1,238,313	\$ -	\$ -	\$ -	\$ 1,578	\$ -	\$ 1,239,891
Public safety	16,977	16,870	-	1,244,961	-	-	1,278,808
Health	413,999	3,300	-	-	-	-	417,299
Transportation	162,680	26,307	1,367,059	-	2,303,844	4,993	3,864,883
Economic assistance and opportunity	16,125	-	-	-	-	-	16,125
Culture and recreation	525,528	433,368	-	-	91,778	-	1,050,674
Home and community services	21,910	2,013,626	-	-	-	113,767	2,149,303
Employee benefits	358,299	147,819	227,844	-	-	-	733,962
Debt Service	<u>197,322</u>	<u>46,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,400</u>	<u>256,008</u>
Total Expenditures	2,951,153	2,687,576	1,594,903	1,244,961	2,397,200	131,160	11,006,953
Other Financing Uses:							
Transfers out	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>192,333</u>	<u>600</u>	<u>199,933</u>
Total Expenditures and Other Financing Uses	<u>2,951,153</u>	<u>2,694,576</u>	<u>1,594,903</u>	<u>1,244,961</u>	<u>2,589,533</u>	<u>131,760</u>	<u>11,206,886</u>
Revenues and Other Financing Sources Over (Under)Expenditures and Other Financing Uses	387,897	2,138,807	8,284	1,848	(238,065)	1,286	2,300,057
Fund Balances, Beginning	<u>2,050,885</u>	<u>3,575,398</u>	<u>2,076,599</u>	<u>20,554</u>	<u>1,864,550</u>	<u>10,623</u>	<u>9,598,609</u>
Fund Balances, Ending	<u>\$ 2,438,782</u>	<u>\$ 5,714,205</u>	<u>\$ 2,084,883</u>	<u>\$ 22,402</u>	<u>\$ 1,626,485</u>	<u>\$ 11,909</u>	<u>\$11,898,666</u>

See accompanying notes and independent auditor's report.

*TOWN OF MALTA
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2010*

	SERVICE <u>AWARD</u>	AGENCY <u>FUNDS</u>
ASSETS		
Cash and cash equivalents	\$46,361	\$ 27,511
Interest and other receivables	556	11,667
Investment, at fair value	<u>668,839</u>	<u>-</u>
Total assets	<u>\$ 715,756</u>	<u>\$ 39,178</u>
LIABILITIES		
Due to Other Funds	\$ -	\$ 2,010
Agency liabilities	<u>-</u>	<u>37,168</u>
Total liabilities	<u>\$ -</u>	<u>\$ 39,178</u>
NET ASSETS		
Held in trust for service award benefits	<u>\$ 715,756</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, 2010*

	<u>SERVICE AWARD</u>
ADDITIONS	
Contributions:	
Employer	\$ <u>110,000</u>
Total contributions	<u>110,000</u>
Investment earnings:	
Net increase in fair value of investments	36,272
Interest, dividends and capital gain distributions	<u>37,543</u>
Total investment earnings	<u>73,815</u>
Total additions	<u>183,815</u>
DEDUCTIONS	
Benefits	21,000
Administrative expenses	<u>10,361</u>
Total deductions	<u>31,361</u>
Changes in net assets	152,454
Net assets, beginning	<u>563,302</u>
Net assets, ending	<u>\$715,756</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, 2010

	<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	\$ 40,500	\$ 40,500	\$ 41,182	-	\$ 682
Real property tax items	9,025	9,025	9,349	-	324
Non-property tax items	1,547,000	1,543,000	1,683,487	-	140,487
Departmental income	298,300	295,800	258,726	-	(37,074)
Intergovernmental charges	-	2,500	53,640	(50,885)	255
Use of money and property	52,000	52,000	63,703	-	11,703
Licenses and permits	1,500	1,500	1,195	-	(305)
Fines and forfeitures	350,000	350,000	306,070	-	(43,930)
Sale of property and compensation for loss	2,000	2,400	7,747	-	5,347
Miscellaneous local sources	52,600	98,600	14,099	50,885	(33,616)
State aid	<u>697,500</u>	<u>701,350</u>	<u>793,252</u>	-	<u>91,902</u>
Total revenues	3,050,425	3,096,675	3,232,450	-	135,775
Other Financing Sources					
Transfers in	<u>100,600</u>	<u>106,600</u>	<u>106,600</u>	-	-
Total revenues and other financing sources	<u>\$3,151,025</u>	<u>\$3,203,275</u>	<u>\$3,339,050</u>	\$ -	<u>\$ 135,775</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, 2010

	Adopted Budget	Final Budget	Actual	Adjustments/ Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
General governmental support	\$ 1,293,522	\$ 1,403,977	\$ 1,238,313	\$ 87,549	\$ 78,115
Public safety	19,300	22,000	16,977	-	5,023
Health	421,500	415,200	413,999	-	1,201
Transportation	155,743	211,453	162,680	21,510	27,263
Economic assistance and opportunity	25,700	20,700	16,125	-	4,575
Culture and recreation	622,077	617,677	525,528	-	92,149
Home and community services	28,600	29,900	21,910	3,515	4,475
Employee Benefits	427,072	407,072	358,299	-	48,773
Debt Service	<u>197,322</u>	<u>197,322</u>	<u>197,322</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,190,836</u>	<u>3,325,301</u>	<u>2,951,153</u>	<u>112,574</u>	<u>261,574</u>
Revenues and Other Financing Sources Over (Under) Expenditures	(39,811)	(122,026)	387,897	(112,574)	397,349
Budgetary earnings and provisions for reserves	(9,000)	(9,000)	(6,271)	-	2,729
Fund balance appropriated	<u>48,811</u>	<u>131,026</u>	<u>-</u>	<u>-</u>	<u>(131,026)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ 381,626	\$ (112,574)	\$ 269,052

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, 2010

	<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	\$ 655,000	\$ 639,000	\$ 703,144	\$ -	\$ 64,144
Departmental income	615,600	3,082,858	4,040,152	(1) (1,244,350)	(287,056)
Use of money and property	24,600	24,600	32,419	-	7,819
Sale of property and compensation for loss	-	16,900	15,597	-	(1,303)
Miscellaneous local sources	28,500	13,500	8,443	-	(5,057)
State aid	<u>31,000</u>	<u>31,000</u>	<u>33,628</u>	<u>-</u>	<u>2,628</u>
Total revenues	<u>\$1,354,700</u>	<u>\$3,807,858</u>	<u>\$4,833,383</u>	<u>\$(1,244,350)</u>	<u>\$(218,825)</u>

(1) - Restricted Developer Mitigation Fees
not included in Final Budget

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, 2010

	Adopted Budget	Final Budget	Actual	Adjustment/ Encumbrances	Variance Favorable (Unfavorable)
<u>Expenditures:</u>					
General governmental support	\$ 26,000	\$ -	\$ -	\$ -	\$ -
Public Safety	16,489	18,989	16,870	-	2,119
Health	3,900	3,900	3,300	-	600
Transportation	38,500	39,400	26,307	-	13,093
Culture and recreation	469,100	453,600	433,368	-	20,232
Home and community services	622,920	3,111,850	2,013,626	6,021	1,092,203
Employee Benefits	158,400	161,650	147,819	-	13,831
Debt Service	<u>46,286</u>	<u>46,286</u>	<u>46,286</u>	<u>-</u>	<u>-</u>
Total expenditures	1,381,595	3,835,675	2,687,576	6,021	1,142,078
Other Financing Uses:					
Transfers out	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>1,381,595</u>	<u>3,842,675</u>	<u>2,694,576</u>	<u>6,021</u>	<u>1,142,078</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(26,895)	(34,817)	2,138,807	(1,250,371)	923,253
Budgetary earnings and provisions for reserves	(21,600)	(21,600)	(361,082)	-	(339,482)
Fund balance appropriated	<u>48,495</u>	<u>56,417</u>	<u>-</u>	<u>-</u>	<u>(56,417)</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,777,725</u>	<u>\$ (1,250,371)</u>	<u>\$527,354</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, 2010

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments</u>	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Non-property tax items	\$1,221,000	\$1,241,000	\$ 1,377,002	\$ -	\$ 136,002
Intergovernmental charges	25,000	33,000	36,577	-	3,577
Use of money and property	21,500	21,500	18,199	-	(3,301)
Sale of property and compensation for loss	5,000	15,000	16,602	-	1,602
Miscellaneous Local Sources	214,700	104,700	1,523	-	(103,177)
State aid	<u>59,400</u>	<u>66,900</u>	<u>66,951</u>	<u>-</u>	<u>51</u>
Total revenues	1,546,600	1,482,100	1,516,854	-	34,754
Other Financing Sources					
Transfers In	<u>-</u>	<u>-</u>	<u>86,333</u>	<u>(86,333)</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>\$1,546,600</u>	<u>\$1,482,100</u>	<u>\$1,603,187</u>	<u>\$ (86,333)</u>	<u>\$ 34,754</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, 2010

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adjustments/ Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
<u>EXPENDITURES AND OTHER FINANCING USES</u>					
Expenditures:					
Transportation	\$1,317,500	\$ 1,458,674	\$ 1,367,059	\$ -	\$ 91,615
Employee Benefits	<u>255,000</u>	<u>235,800</u>	<u>227,844</u>	-	<u>7,956</u>
Total expenditures	<u>1,572,500</u>	<u>1,694,474</u>	<u>1,594,903</u>	-	<u>99,571</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(25,900)	(212,374)	8,284	(86,333)	134,325
Budgetary earnings and provisions for reserves	(8,500)	(8,500)	(9,960)	-	(1,460)
Fund balance appropriated	<u>34,400</u>	<u>220,874</u>	-	-	<u>(220,874)</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,676)</u>	<u>\$ (86,333)</u>	<u>\$ (88,009)</u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
 BUDGETARY COMPARISON STATEMENT - FIRE PROTECTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
<u>REVENUES AND OTHER FINANCING SOURCES</u>					
Revenues:					
Real property taxes	\$ 1,241,600	\$ 1,241,600	\$ 1,241,600	\$ -	\$ -
Real property tax items	-	-	618	-	618
Intergovernmental charges	3,400	3,400	3,240	-	(160)
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>1,351</u>	<u>-</u>	<u>351</u>
Total revenues	<u>1,246,000</u>	<u>1,246,000</u>	<u>1,246,809</u>	<u>-</u>	<u>809</u>
<u>EXPENDITURES</u>					
Expenditures:					
Public safety	1,136,000	1,137,150	1,134,961	-	2,189
Volunteer service award program	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,246,000</u>	<u>1,247,150</u>	<u>1,244,961</u>	<u>-</u>	<u>2,189</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	(1,150)	1,848	-	2,998
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (1,150)</u>	<u>\$ 1,848</u>	<u>\$ -</u>	<u>\$ 2,998</u>

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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.

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

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

(the “**Globalfoundries Directors**”); and, the remaining director shall be elected by majority vote of the Malta Directors and the Globalfoundries Directors; provided, however, that such director be a person who shall reside, work or own a business within the Town of Malta. For the purposes of these by-laws, a person employed by Globalfoundries U.S. Inc., or an affiliate thereof, shall be deemed to reside, work or own a business within the Town of Malta. The Foundation will prepare a separate financial report that includes financial statements and required supplementary information. The Foundation report may be obtained by writing to the Foundation, 107 Hermes Road, Malta, New York 12020.

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

b) Basis of Presentation

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

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town’s net 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.

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

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. Non-major funds are aggregated and presented in a single column. The following funds are used by the Town:

- * 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.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

- * 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, 2010 include recreational improvement projects.

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.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

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

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

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

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.

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

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies, continued

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

l) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

m) Subsequent Events

The Town has evaluated subsequent events or transactions occurring through March 31, 2011, the date the financial statements were available to be issued.

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

The Town's written investment policy was adopted by the Town Board and is governed by State statutes. Town monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Authorized investments include demand accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America, obligations of the State of New York, local municipalities, school districts or district corporations, public authorities, certificates of participation, obligations of the Town but only with monies in a reserve fund. Collateral is required for demand accounts and certificate of deposits at 100 percent of all deposits not covered by federal deposit insurance.

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

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

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

As of December 31, 2010 the Town had the following investments:

<u>Service Award Program</u>	
Money Funds	\$ 46,361
U.S. Equities (Cost Basis \$21,676)	30,980
International Equities (Cost Basis \$54,342)	61,855
Fixed Income (Cost Basis \$378,179)	404,703
Mixed Assets (Cost Basis \$148,996)	<u>171,301</u>
Total	<u>\$ 715,200</u>

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

Note 3 Restricted Assets

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

<u>Fund</u>	<u>Restricted Balance</u>	<u>Restriction</u>
Townwide General	\$ 170,370	Tax Stabilization
	24,004	Land Acquisition
	4,357	LFTC Campus
	<u>757,352</u>	Building
	<u>956,083</u>	
Town Outside Village General	59,710	Tax Stabilization
	2,925,321	Mitigation
	3,303	LFTC Campus
	560,449	Open Space
	<u>815,017</u>	Park
	<u>4,363,800</u>	
Town Outside Village Highway	141,550	Tax Stabilization
	86,552	Road Improvements
	66,188	LFTC Campus
	541,369	Highway Equipment Reserve
	<u>223,024</u>	Culvert Repair Capital Reserve
	<u>1,058,683</u>	

See independent auditor's report.

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 3 Restricted Assets, continued

Capital Projects	1,040,000	Parks
	<u>342,914</u>	Community Center
	<u>1,382,914</u>	
Total restricted assets	<u>\$7,761,480</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 \$50,000 as of December 31, 2010 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, 2010 was as follows:

	Beginning <u>Balance</u>	Additions	Transfers & <u>Adjustments</u>	Deletions	Ending <u>Balance</u>
Land	\$ 2,115,149	\$ -	\$ -	\$ -	\$ 2,115,149
Land Improvements	1,827,739	-	35,110	-	1,862,849
Work in Progress	34,101,081	2,371,203	(28,452,888)	7,888,000	131,396
Buildings	9,696,196	9,972	1,577	177,885	9,529,860
Infrastructure	25,085,370	345,758	28,416,201	26,750	53,820,579
Equipment	<u>3,845,787</u>	<u>224,912</u>	<u>-</u>	<u>6,439</u>	<u>4,064,260</u>
	<u>\$76,671,322</u>	<u>\$ 2,951,845</u>	<u>\$ -</u>	<u>\$ 8,099,074</u>	<u>\$71,524,093</u>
Less Accumulated Depreciation:	Beginning <u>Balance</u>	Additions	Transfers & <u>Adjustments</u>	Deletions	Ending <u>Balance</u>
Buildings	\$ 2,086,253	\$ 323,962	\$ -	30,552	\$ 2,379,663
Improvements	558,543	94,119	-	-	652,662
Infrastructure	13,157,839	1,914,477	-	26,750	15,045,566
Equipment	<u>2,388,543</u>	<u>237,433</u>	<u>(153,955)</u>	<u>46,514</u>	<u>2,425,507</u>
	<u>18,191,178</u>	<u>2,569,991</u>	<u>(153,955)</u>	<u>103,816</u>	<u>20,503,398</u>
Net capital assets	<u>\$58,480,144</u>	<u>\$ 381,854</u>	<u>\$ 153,955</u>	<u>\$7,995,258</u>	<u>\$51,020,695</u>

Work in progress consists primarily of the construction of the parks and trail improvements.

Approximately \$7,878,000 of the work in progress deletions represents the cost of infrastructure transferred to the Town of Stillwater, the Saratoga County Water Authority and LFTCEDC.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 4 Capital Assets and Depreciation, continued

Depreciation was charged to the following functions:

General Government	\$ 63,766
Transportation	2,071,337
Culture and Recreation	410,256
Public Safety	6,832
Home and Community Services	<u>17,800</u>
Total depreciation expense	<u>\$2,569,991</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 advance funding the Town needed for the reimbursement driven New York State Multi-Modal 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. As of December 31, 2010 there was no outstanding balance to the County of Saratoga pursuant to this 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.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u> <u>Balance</u>
General obligation serial bonds	<u>\$3,285,000</u>	<u>\$ -</u>	<u>\$115,000</u>	<u>3,170,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2011	\$ 120,000	\$ 124,106	\$ 244,106
2012	\$ 125,000	\$ 119,408	\$ 244,408
2013	\$ 130,000	\$ 114,514	\$ 244,514
2014	\$ 135,000	\$ 109,424	\$ 244,424
2015	\$ 140,000	\$ 104,139	\$ 244,139
2016-2020	\$ 810,000	\$ 432,412	\$1,242,412
2021-2025	\$1,005,000	\$ 258,977	\$1,263,977
2026-2028	<u>\$ 705,000</u>	<u>\$ 55,985</u>	<u>\$ 760,985</u>
Total	<u>\$3,170,000</u>	<u>\$1,318,965</u>	<u>\$4,488,965</u>

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 7 Unearned Revenue

Unearned revenue consists of developer contributions towards future capital projects (\$23,000), for future wetland mitigation projects (\$7,260), and community center program and rental fees not considered available (\$28,268).

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 \$30,000 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, 2010 was \$170,370.

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, 2010 was \$757,352.

Land Acquisition – Monies designated for brush control land acquisition was \$24,004.

Luther Forest Technology Campus (“LFTC”) – Monies designated for highway related expenditures for the roads within the LFTC project. The balance of this account as of December 31, 2010 was \$4,357.

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.

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 8 Reserved Fund Balances, continued

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, 2010 was \$815,017.

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, 2010 was \$560,449.

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, 2010 was \$59,710.

GEIS Mitigation – Monies designated for mitigation associated with future land development. The balance of these mitigation funds as of December 31, 2010 were visual \$1,099,215, recreation \$1,512,301, open space \$13,309, traffic \$234,536 and planning \$65,960.

Luther Forest Technology Campus (“LFTC”) – Monies designated for highway related expenditures for the roads within the LFTC project. The balance of this account as of December 31, 2010 was \$3,303.

Town Outside Village Highway Fund

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

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, 2010 was \$141,550.

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, 2010 was \$541,369.

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 8 Reserved Fund Balances, continued

Culvert Repair Capital Reserve - Pursuant to General Municipal Law, Section 6-d, the Town has established a culvert repair capital reserve. The balance of this reserve as of December 31, 2010 was \$223,024.

Luther Forest Technology Campus (“LFTC”) – amounts received designated for the operation and maintenance of the roads within the LFTC project. The balance of this designated account as of December 31, 2010 was \$66,188.

Highway Road Improvements – amounts designated by the Town Board towards the cost of future road improvements identified in the Town-wide Generic Environmental Impact Statement. The balance of this designated account as of December 31, 2010 was \$86,552.

Capital Project Fund

Parks – Represents amounts remaining in the Community Center Expansion Project the majority of which will be used for debt service of \$336,939.

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	\$ 11,898,666
Reflect capital assets net of accumulated depreciation	51,020,695
Eliminate interfund investment for sewer improvements	(50,000)
Reflect outstanding bonds	(3,170,000)
Record Post Employment liability	(434,334)
Recognize unearned fine revenues and accrued interest	18,617
Reflect volunteer service award programs	<u>61,008</u>
Government activities net assets	<u>\$ 59,344,652</u>

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

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, continued

Net changes in fund balances – total government funds	\$	2,300,057
Capitalize capital assets acquisitions and improvements		2,885,637
Record depreciation expense, net		(2,416,036)
Reflect loss on disposal of fixed assets		(103,816)
Payments on Community Center bonds		115,000
Recognize other post employment benefits expense		(434,334)
Recognize accrued and prepaid expense, interfund debt service and deferred revenues		15,451
Change in net assets of governmental activities	\$	2,361,959

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 including other post employment benefits. Repayment of bond principal is reported as an expenditure in governmental funds, but for the Town as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Note 10 Retirement Benefits

Plan Description

The Town participates in the New York State and Local Employees’ Retirement System and the Public Employees’ Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of the funds. The Systems issue a

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 10 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 and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions. The 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>
2010	\$214,205
2009	\$139,143
2008	\$146,153

Chapter 260 of the Laws of 2004 and Chapter 57 of the Laws of 2010 of the State of New York were enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years. These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The Town of Malta elected to make full payment of their retirement bill.

Note 11 Post Employment Benefits

The Town provides post-employment benefits to its employees and retirees and the following is brief description of those benefits:

Plan Types

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

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 11 Post Employment Benefits, continued

Eligibility

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

Benefits/Cost Sharing

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

Spouse and Surviving Spouse Benefit

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

Annual Per Person Covered Medical Premiums

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

Medicare Part B

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

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 11 Post Employment Benefits, continued

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

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

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

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

Funded Status and Funding Progress

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

Methods and Assumptions

Interest Rate	4.00%
2010 Medical Trend Rate	11.00%

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 11 Post Employment Benefits, continued

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

The annual OPEB cost was charged to the following functions:

General Government	\$104,401
Transportation	203,765
Culture and recreation	44,958
Home and Community Services	<u>81,210</u>
Total	<u>\$434,334</u>

Note 12 Volunteer Firefighter Service Award Program

Plan Description

In connection with the Town's fire protection service contracts with the Village of Round Lake and a local volunteer fire company, the Town/Village, by mandatory referendum, implemented a volunteer firefighter service award program effective January 1, 1999 pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The program is a defined benefit retirement plan covering active volunteer firefighters who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer firefighter service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for the years 1990 through 1998 up to a maximum of 5 years for all eligible volunteer firefighters. Prior service benefits were amortized and funded by the Town. In December 2007 the Town/Village, by mandatory referendum, amended the program to provide a monthly service award of \$20 for years beginning January 1, 2008. As of December 31, 2009 one hundred twenty-six (126) 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

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 12 Volunteer Firefighter Service Award Program, continued

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
- * Present value increases in monthly service award payment due to service credit earned in a year after the year in which a participant reaches the entitlement are amortized over 3 years at 6.0%.

Fiduciary Investment and Control

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

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

See independent auditor’s report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 12 Volunteer Firefighter Service Award Program, continued

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

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Firefighter Service Award Program for the years ended December 31, 2008 and 2007:

Annual Service Award Program Cost and Net Pension Asset

	<u>2009</u>	<u>2008</u>
Normal Program Cost	\$95,467	\$94,991
Post EA Service Cost	<u>7,884</u>	<u>7,559</u>
Total required contribution	103,351	102,550
Interest on net pension asset	(3,487)	(3,094)
Adjustment to annual required contribution	<u>4,500</u>	<u>3,994</u>
Annual Service Award Program Cost (1)	104,364	103,450
Contributions Made	<u>110,000</u>	<u>110,000</u>
Increase in net pension asset	5,636	6,550
Net pension asset beginning of year	<u>58,112</u>	<u>51,562</u>
Net pension asset end of year	<u>\$63,748</u>	<u>\$ 58,112</u>

(1) – Administration fees of \$6,587 in 2009 and \$4,971 in 2008 were paid from the respective excess contributions of those years.

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$187,164	\$144,480	\$94,846
Terminated volunteers entitled to but not yet receiving benefits	81,256	71,523	60,239
Active volunteer firefighters	<u>358,878</u>	<u>309,961</u>	<u>278,583</u>
Total present value of accrued benefits	627,298	525,964	433,668
Net assets available for benefits	<u>564,792</u>	<u>398,350</u>	<u>426,069</u>
Unfunded actuarial liability	<u>\$ 62,506</u>	<u>\$127,614</u>	<u>\$ 7,599</u>

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 12 Volunteer Firefighter Service Award Program, continued

Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Program <u>Cost (APC)</u>	Percentage of APC <u>Contribution</u>	Net Program <u>Assets</u>
2007	\$ 49,502	121%	\$51,562
2008	\$103,450	106%	\$58,112
2009	\$104,364	105%	\$63,748

Note 13 Volunteer Ambulance Worker Service Award Program

Plan Description

In connection with the Town's emergency service contract with a local volunteer ambulance company the Town, by mandatory referendum, implemented a volunteer ambulance worker service award program effective January 1, 2001 pursuant to General Municipal Law. The program is a defined benefit retirement plan covering active volunteer ambulance workers who have earned 50 service credits and who are at least 18 years of age. For each year of active volunteer service credit earned, a monthly service award of \$10 up to a maximum monthly payment of \$400 is paid to the volunteer beginning at age 65 for ten years or for the volunteer's lifetime, whichever is greater. Additionally, credit for prior service was awarded for up to a maximum of 5 years for all eligible volunteer ambulance workers. Prior service benefits were amortized and funded over a five year period by the Town. In December 2007, the Town, by mandatory referendum, amended the program to provide a monthly service payment of \$20 and to allow volunteers to continue to earn service credit after retirement age effective January 1, 2008. As of December 31, 2009 twenty-nine (29) volunteer ambulance workers participate in the program.

Funding Policy

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

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 13 Volunteer Ambulance Worker Service Award Program, continued

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

Fiduciary Investment and Control

Service credit is determined by the Town Board, based on information certified to the Town Board by the ambulance squad having members who participate in the program. The ambulance squad must maintain all required records on forms prescribed by the Town Board. The New York State Comptroller's Office is responsible for the administration of the program. All service credit records are submitted to a 3rd party program administrator that the New York State Comptroller's Office has retained and designated to assist in the administration of the program. Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The New York State Comptroller's Office has established the necessary trust and also is responsible for the investment of the trust's assets.

In accordance with GASB Statement #27 - Accounting for Pensions by State and Local Governments, the following information has been summarized from the actuarial reports of the Town's Volunteer Ambulance Worker Service Award Program for the years ended December 31, 2009 and 2008:

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 13 Volunteer Ambulance Worker Service Award Program, continued

Annual Service Award Program Cost and Net Pension Asset

	<u>2009</u>	<u>2008</u>
Normal Program Cost	\$19,981	\$26,654
Contribution Timing Adjustment	1,121	1,443
Administration Fees	<u>3,200</u>	<u>3,168</u>
Total required contribution	24,302	31,265
Interest on net pension obligation	755	769
Adjustment to annual required contribution	<u>(926)</u>	<u>(991)</u>
Annual Service Award Program Cost	24,131	31,043
Contributions Made	<u>33,000</u>	<u>31,265</u>
Decrease in net pension obligation	(8,869)	(222)
Net pension asset obligation, beginning	<u>11,609</u>	<u>11,831</u>
Net pension asset obligation, end	<u>\$ 2,740</u>	<u>\$11,609</u>

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 34,873	\$ 8,961	\$ 9,205
Terminated volunteers entitled to but not yet receiving benefits	10,440	9,802	4,032
Active volunteer ambulance workers	<u>54,345</u>	<u>69,880</u>	<u>63,097</u>
Total present value of accrued benefits	99,658	88,643	76,334
Net assets available for benefits	<u>130,913</u>	<u>87,310</u>	<u>110,860</u>
(Over)Unfunded actuarial liability	<u>\$(31,255)</u>	<u>\$ 1,333</u>	<u>\$(34,526)</u>

Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Program Cost (APC) <u>Cost (APC)</u>	Percentage of APC Contribution <u>Contribution</u>	Net Pension Obligation <u>Obligation</u>
2009	\$24,121	137%	\$ 2,740
2008	\$31,043	101%	\$11,609
2007	\$16,288	102%	\$11,831

Note 14 Deferred Compensation

The Town is a participant in the New York State Deferred Compensation Program ("Plan") and the New York State Deferred Compensation Board are the trustees of the Plan. The Plan,

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 14 Deferred Compensation, continued

available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. The Town invests all amounts of compensation deferred under the Plan, at the direction of the covered employee. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the employee and their beneficiaries. In accordance with GASB Statement #32 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, municipalities should report only those plans in which all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result the market value of the Plan's assets totaling \$1,116,220 as of December 31, 2010 has not been reported in the fiduciary fund financial statements.

Note 15 Operating Transfers and Interfund Balances

During the course of normal operations, the Town records numerous transactions between funds including expenditures for the provision of services as well as transfers between funds to finance various projects. Individual fund operating transfer revenues and expenses arising from these transactions as of December 31, 2010 were as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Purpose of Expense</u>
Townwide General Fund	\$ 106,600	\$ -	
Town Outside Village General Fund	\$ -	\$ 7,000	Park Improvements
Town Outside Highway Fund	\$ 86,333	\$ -	
Dunning/Plains Capital Project	\$ -	\$ 86,333	Future Highway Projects
Community Center Capital Project	\$ -	\$ 100,000	Debt Service
Michalko Capital Project	\$ 7,000	\$ -	
Bikeway Capital Project	\$ -	\$ 6,000	Pedestrian Access Grants
Water Supply Fund	-	600	Administrative Services
	<u>\$ 199,933</u>	<u>\$ 199,933</u>	

Individual fund interfund receivable and payable balances arising from these transactions as of December 31, 2010 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Townwide General Fund	\$ 72,512	\$ -
LFTC Road Project	-	745
Court Capital Project	-	869
Community Development Block Grant	-	100
Trust & Agency	-	70,798
Total	<u>\$ 72,512</u>	<u>\$ 72,512</u>

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 15 Operating Transfers and Interfund Balances, continued

Amounts collected by the Town Courts in December of 2010 which were transferred to the town-wide general fund in January 2011 have been reflected as cash and eliminated from the statements of net assets and fiduciary net assets as an interfund transaction.

Note 16 Indirect Cost Allocations

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

Transportation	\$ 9,703
Culture and Recreation	107,857
Home and Community Services	<u>6,996</u>
	<u>\$124,556</u>

Note 17 Commitments and Contingencies

Litigation

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. One contested assessment involves Globalfoundries U.S. Inc. who is seeking a reduction of their assessment from \$160,000,000 to \$56,000,000. The Town intends to defend all of these claims vigorously. As of December 31, 2010 no adjustments have been made to the financial statements since the Town is unable to reasonably estimate the final outcome of these claims.

Additionally, the Town and a contractor responsible for the construction of road improvement project are engaged in ongoing discussions regarding the amount of a change order for the additional work required to complete the project. The change order for the additional work as approved by the Town Board based upon the recommendation of the Town Highway Superintendent and Town Engineer has been recorded in the Town's financial statements as of December 31, 2010.

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

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 17 Commitments and Contingencies, continued

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, 2010 the Town's workers' compensation premium was \$36,674. 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, 2009 (last available information) the plan had a reserved balance of \$5,633,035. Claims and judgments are recognized consistent with requirements of GASB Statement No. 10 Accounting and Financial Reporting for Risk Financial and Related Insurance Losses, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liabilities of \$12,131,781 at December 31, 2009, were recorded as accrued liabilities by the County. The County issues a publicly available financial report which may be obtained by writing to the County of Saratoga, 40 McMaster Street, Ballston Spa, New York 12020.

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

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, 2010 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. The Town is not aware of any project for which there is not an adequate letter of credit or performance bond.

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

See independent auditor's report

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

Note 17 Commitments and Contingencies, continued

will be immaterial and no adjustments have been made to the financial statements for the year ended December 31, 2010.

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 and the final grant close out paperwork has been submitted to New York State Office for Small Cities in accordance with the conversations that the Town, the New York State Energy Research and Development Authority ("NYSERDA") and New York State Office for Small Cities representatives. NYSERDA is responsible to indemnify the Town for any grant funding repayments per the sub-recipient agreement entered into between the Town and NYSERDA relating to any concerns with final grant close out paperwork relating to the number of jobs created.

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 entered into an inter-municipal agreement with Saratoga County to provide \$2,500,000 in advance funding for the project that has been repaid to County including interest at 4% since the project is completed. The Town has also entered into several agreements with the Luther Forest Economic Development Corporation (LFTCEDC) relating to the construction and post construction requirements of the project including such items, but not limited to, permit compliance and monitoring, conveyance, host benefit contributions, infrastructure maintenance and funding. A memorandum of understanding was entered into with the New York State Department of Transportation to assist in the coordination and general oversight of the project. As of December 31, 2010 the LFTC Road project has been completed at a total cost of \$36,294,000 of which approximately \$28,416,000 relates to the portion of the roads constructed in the Town, \$3,875,000 relates to the portion of the roads constructed in the Town of Stillwater, \$2,602,000 relates to the construction of the water transmission line and \$1,401,000 relates to the construction of the vaults for of the underground utility transmission line. The Luther Forest Technology Campus will be responsible for providing the necessary revenues to the Town for the current and long-term maintenance of the LFTC interior roads.

See independent auditor's report

TOWN OF MALTA, NEW YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

Note 17 Commitments and Contingencies, continued

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, 2010 is as follows:

Current assets	\$1,100,000
Current liabilities	\$ 34,000
Fund balance	\$1,066,000
Revenues	\$ 797,000
Expenditures	\$ 516,000

The Sewer System will be designated into a Board Designated fund balance 10% of the 2010 revenues.

GlobalFoundries Construction Inspection Services

In connection with the construction of the GlobalFoundries nanotechnology facility, the Town has entered into a construction inspection services agreement for which GlobalFoundries is responsible for payment pursuant to the planned development legislation. The amended contract amount for these inspection services is \$2,705,000 of which approximately \$1,668,000 has been incurred as of December 31, 2010.

Note 18 Subsequent Events

In January 2011 the Town of Malta was awarded an Environmental Protection matching grant in the amount of \$400,000 for the development of the Round Lake Preserve and established the Round Lake Preserve Capital Project. This capital project will be funded with the \$400,000 Environmental Protection grant, \$7,260 in mitigation funding from Eckard Drug Stores, \$5,000 Hudson River Valley Greenway grant, \$40,000 mitigation funding from Norfolk Southern Corporation, \$8,500 of Town's general operating appropriations and \$339,240 from the Town of Malta Open Space Reserve.

See independent auditor's report

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the Town of Malta as of and for the year ended December 31, 2010, and have issued our report thereon dated April 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Malta's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Town of Malta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and the Town Board and is not intended to be and should not be used by anyone other than these specified parties.

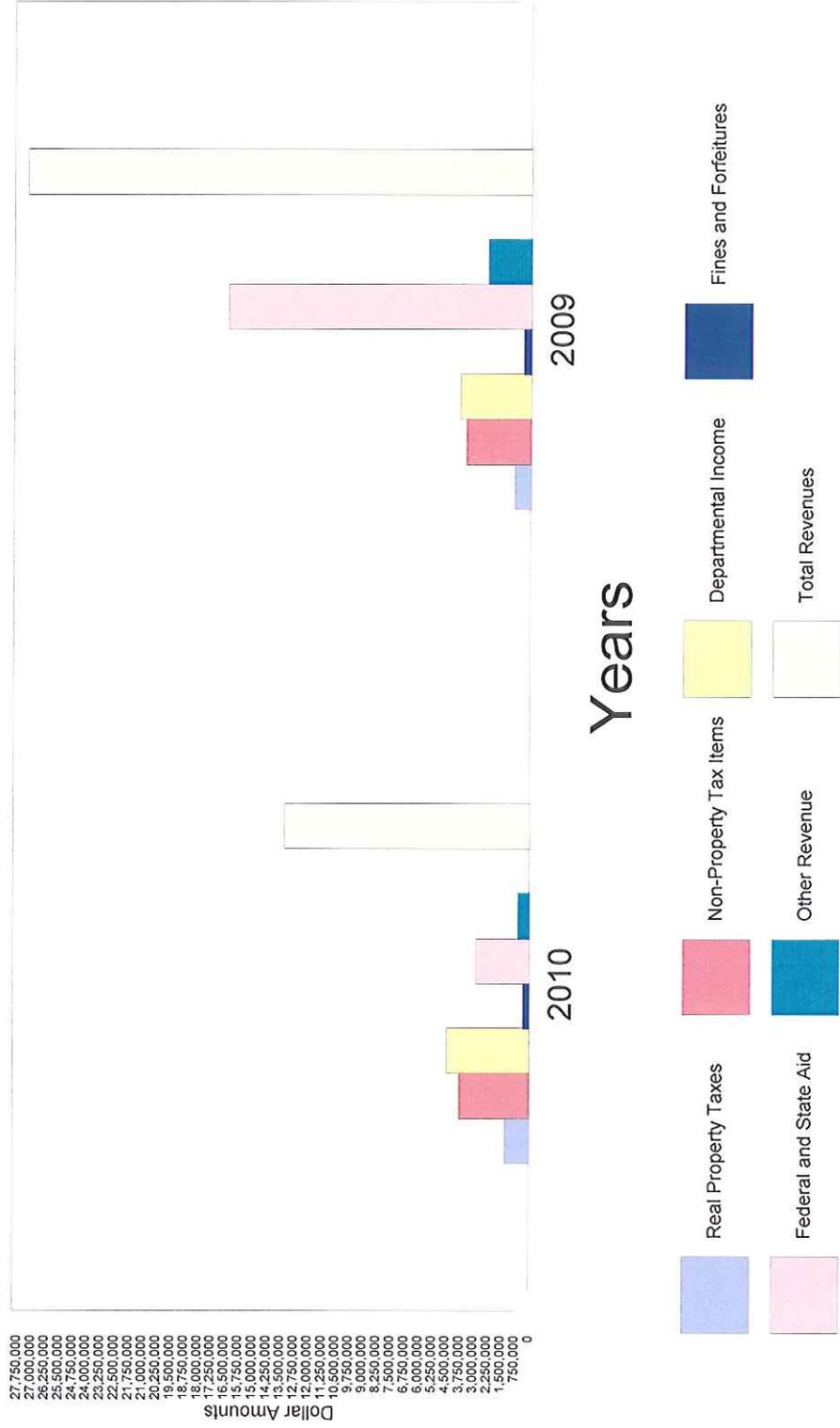
Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 21, 2011

SUPPLEMENTARY INFORMATION

Town of Malta Revenue Comparison



Town of Malta Expenditure Comparison

