



Financial Report

December 31, 2009



“Newly Constructed Roads for Access to the GlobalFoundries Nanotechnology Project”

TOWN OF MALTA, NEW YORK
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DECEMBER 31, 2009

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TOWN OF MALTA

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TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

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, 2009. 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 \$20,602,000 as a result of this year's operations with the majority of the increase due to the ongoing construction of 5.5 miles of roads for the Luther Forest Technology Campus ("LFTC") which are being funded with NYS Multi-Modal and developer monies. In 2009 approximately \$17,187,000 was expended for this project.
- Total Town revenues generated in 2009 were \$27,282,000 compared to total governmental activity costs of \$7,831,000.
- Grand opening of branch library and gymnasium which was part of Community Center Expansion Project which completed under budget at an estimated cost of \$5,857,000. The Town also received unanticipated grant revenues of \$155,000 for the project.
- Construction of the first nanotechnology facility commenced in the fall of 2009 with the Town receiving approximately \$239,000 in building permits, \$100,000 in planning fees, \$582,000 in escrowed engineering fees, \$1,088,000 in visual mitigation fees, and \$1,472,000 in open space/recreation mitigation fees.
- Town forces cleared damages in the spring from the December 2008 ice storm for which the Town received approximately \$91,000 in emergency management aid.
- Renovations to the Town Court Complex were completed in 2009 at an estimated cost of \$42,000 with \$31,000 funded by NYS Justice Court grants.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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FINANCIAL HIGHLIGHTS, continued

- Planning fees received in connection with nanotechnology facility funded the preparation of a \$50,000 fire protection master plan.

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, 2009

USING THIS FINANCIAL REPORT, continued

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

The Town as Trustee

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

THE TOWN AS A WHOLE

Net Assets

The Town's total net assets increased from \$44.2 million a year ago to \$64.8 million this year. Our analysis below focuses on the net assets of the Town's governmental activities.

Net Assets (in Thousands)	<u>2008</u>	<u>2009</u>
Current assets	\$ 7,870	\$ 8,709
Noncurrent assets, primarily restricted cash and investments	6,707	6,433
Capital assets, net of depreciation	<u>38,568</u>	<u>58,480</u>
Total assets	<u>\$53,145</u>	<u>\$73,622</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

THE TOWN AS A WHOLE (continued)

	<u>2008</u>	<u>2009</u>
Current liabilities	\$ 5,668	\$ 5,658
Long-term liabilities	<u>3,285</u>	<u>3,170</u>
Total liabilities	<u>8,953</u>	<u>8,828</u>
Net assets:		
Invested in capital assets, net of debt	35,168	55,195
Restricted	6,261	3,475
Unrestricted	<u>2,763</u>	<u>6,124</u>
Total net assets	<u>\$44,192</u>	<u>\$64,794</u>

Total net assets of the Town, including contributed infrastructure, increased by \$20,602,000 or by 47%. 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 \$3,361,000 primarily due to the fees received in relation to the construction of the first nanotechnology facility in the Town. Restricted net assets, those restricted mainly for capital projects and special purposes such as parks, open space, highway equipment, buildings and tax stabilization decreased by \$2,786,000 primarily due to the completion of the community center expansion project. Net assets invested in capital assets increased primarily due to the construction of the community center expansion project, construction of the LFTC Road Project and donated infrastructure.

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, 2009

THE TOWN AS A WHOLE (continued)

(financial ratios in thousands)

	<u>2008</u>	<u>2009</u>
Working Capital	\$2,202	\$3,051
Current Ratio	1.39	1.54

“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>2008</u>	<u>2009</u>
Days Cash and Investments in Reserve	71	204
Liabilities to Net Assets	20.26	13.62%

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, Federal Transportation Aid, Multi-Modal State Aid, Marchiselli State Aid, Legislative State Aid, Emergency Management Aid, NYSERDA Transportation Funding, Developer Contributions and Fuel Charges
Culture and Recreation	Parks, Youth and Historical Resources Grants, Developer Recreation Fees, Mitigation Fees, Library Construction Aid, Energy Efficiency Grants, Recreation Program Fees and Contributions

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

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>2008</u>	<u>2009</u>
Revenues		
Fees, fines and charges for services	\$1,072	\$ 2,688
Operating grants and contributions	256	159
Capital grants and contributions	21,681	19,214
Property taxes	747	858
Franchise taxes	136	143
Sales taxes	3,571	3,356
Mortgage taxes	589	638
State aid	28	28
Use of money and property	254	179
Disposal of property	<u>(48)</u>	<u>19</u>
Total revenues	<u>28,286</u>	<u>27,282</u>
Expenses		
General government	1,457	1,352
Public safety	742	865
Health	388	418
Transportation	4,892	2,209
Economic assistance	43	46
Culture and recreation	1,187	1,805
Home and community service	<u>885</u>	<u>1,136</u>
Total expenses	<u>9,594</u>	<u>7,831</u>
Increase in net assets	<u>\$18,692</u>	<u>\$19,451</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

THE TOWN AS A WHOLE (continued)

The Town's total revenues decreased by 3% (\$1,004,000) as the Town's total expenses decreased by 18% (\$1,763,000). Significant factors resulting in these changes are as follows:

- Fees, fines and charges for services increased due to visual and planning mitigation fees (\$1,188,000), escrowed engineering fees (\$562,000) and building permits (\$239,000) collected relating to the construction of the first nanotechnology facility.
- Grants and contributions revenues vary from year to year due to the particular projects undertaken and competitiveness of available grant funding. The Town received Multi-Modal Grant funding and developer contributions of \$17,186,000 in 2009 to continue the LFTC Road Project. (\$15,858,000 received in 2008). Construction of the road improvements along Dunning Street and Plains Road were completed in 2009 for which the Town received \$63,000 in Federal Highway funding. (\$2,703,000 received in 2008) Emergency management aid of \$88,000 was received in 2009 for ice storm damages. The Town also received \$1,472,000 in open space and park fees relating to the construction of the first nanotechnology facility.
- Property taxes increased by \$111,000 as a result of increases in emergency services contracts and volunteer service award program contributions.
- Sales tax revenue declined in 2009 by \$215,000 or 6% due to the recession.
- With the recession and the credit crunch, the Town's real estate market fortunately continued to remain relatively flat with the Town receiving \$638,000 in mortgage tax revenues comparable to \$589,000 in 2008. Both of these years were higher than the Town's annual 10 year average of \$578,000.
- Declining interest rates and available cash resulted in the decrease to use of money and property of \$75,000.
- A major factor in the decrease in general government expenses was the completion of the reassessment project in 2008 (\$108,000).
- Transportation expenses decreased primarily due to the Dunning Street/Plains Road improvement project which the Town acted as lead agency for this County road project. In 2008 project costs of \$2,705,000 were accounted for in the Town's financial statements as transportation expenses and the corresponding aid was reflected as capital grants.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

THE TOWN AS A WHOLE (continued)

- As a result of the Community Center expansion project, the Town provided an additional \$115,000 in funding to the Library and the majority of the remaining increase to culture and recreation expenses relates to depreciation of the expansion and its furnishings.
- As a result of the commencement of the construction of the first nanotechnology facility coupled with other proposed economic development, home and community expenses engineering consulting services increased in 2009 by \$208,000.

The Town's Funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$9.6 million, which is above last year's total of \$9.0 million. The combined fund balance of \$9.6 million includes \$ 7.6 million of reserve and designated funds for such items as open space protection, parks, highway equipment, buildings, mitigation projects, capital projects and tax stabilization. The primary reason for the increase in the fund balances is the effects of the construction of the first nanotechnology facility 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, 2008 and 2009.

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2008</u>	<u>2009</u>
Revenues		
Real property taxes	\$ 747	\$ 858
Non-property tax items	3,708	3,500
Departmental income	651	2,790
Fines and forfeitures	376	380
State and federal aid	17,422	16,417
Other general revenues	<u>2,513</u>	<u>3,340</u>
Total revenues	<u>\$25,417</u>	<u>\$27,285</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

THE TOWN AS A WHOLE (continued)

Combined Statement of Revenues and Expenditures (In Thousands)

	<u>2008</u>	<u>2009</u>
Program Expenditures		
General government support	\$ 1,292	\$ 1,202
Public safety	740	863
Health	387	418
Transportation	20,006	18,605
Economic assistance	43	46
Culture and recreation	4,166	3,685
Home and community	765	997
Employee benefits	632	657
Debt Service	<u>13</u>	<u>260</u>
Total expenses	<u>\$28,044</u>	<u>\$26,733</u>

The Town's total fund revenues increased by 7% (\$1,868,000) in 2009 while the Town's total fund expenditures decreased by 5 % (\$1,311,000). 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, completion of the construction of Dunning Street/Plains Road improvements in 2009 which was substantially complete in 2008, various fees and permits collected relating to the commencement of construction of the first nanotechnology facility, increases to property taxes for emergency service contracts and volunteer service award program contributions and the corresponding decreases to sales tax all contribute to the net increase in total fund revenues.
- A major factor in the decrease in general government support was the completion of the reassessment project in 2008 (\$108,000).
- Contractual obligations for fire protection and emergency services increased by 4% in 2009 to meet operating costs, contributions to the volunteer service award programs also increased due to voter approved changes to the benefits and declining investment performance and the Town engaged a consultant to complete a fire protection master plan.
- The Town resurfaced approximately 2.26 miles of road in 2009 for \$403,000 compared to 1.68 in 2008 for \$349,000. 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, 2009

THE TOWN AS A WHOLE (continued)

2008 the Town purchased \$134,000 of miscellaneous highway equipment compared to \$50,000 in 2009. Transportation expenditures primarily decreased due to the substantial completion of construction of the Dunning Street/Plains Road improvement project in 2008 which the Town acted as lead agency for this County road project. As a result the project costs of \$2,705,000 were accounted for in the Town's financial statements as transportation expenditures in 2008 and the corresponding aid was reflected as federal aid. Construction has also been substantially completed on 5.5 miles of LFTC roads in 2009 which is funded with \$37 million in NYS Multi-Modal monies and additional developer contributions.

- Construction of the Community Center Expansion Project which commenced in 2008 was completed in 2009. With the grand opening of the expansion in 2009 the Town provided an additional \$115,000 to the Library to operate the new branch. In 2008 the Town also expended approximately \$344,000 for the acquisition and protection of open space and parkland along Round Lake.
- In 2009 construction of the first nano-technology facility commenced coupled with other proposed economic development, increased engineering consulting services for home and community expenditures.

Budgetary Highlights:

Over the course of the year, the Town Board revised the Town's budget numerous times. These budget amendments fall into three categories. The first category includes amendments for encumbrances that are carried forward from the prior year. The second category includes changes that the Town Board approves between intradepartment line items and between departments line items for unforeseen expenditures and to prevent budget overruns. Finally, the Town provides for the appropriation of unappropriated cash surplus and unanticipated revenues. In 2009 Town amended it's budget for the following significant transactions:

- Decreased estimated sales tax revenues and reduced various budgeted appropriations by approximately \$165,000 due to the recession.
- Authorized supplemental appropriations of \$869,000 and related developer contributions for inspection services relating to the first nanotechnology facility.
- Authorized \$41,000 increase for assessor professional fees to defend assessments.
- Amended 2009 Adopted Budget for 2008 encumbrances \$88,000.

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

THE TOWN AS A WHOLE (continued)

Even with these adjustments, the actual charges to appropriations (expenditures) including outstanding encumbrances were approximately \$472,000 below the final budgeted amounts. Resources available for appropriation were \$428,000 below the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2009, the Town had \$76.7 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>2008</u>	<u>2009</u>
Land	\$ 2,110	\$ 2,115
Land improvements	1,628	1,828
Buildings and improvements	3,954	9,696
Infrastructure	23,884	25,085
Equipment	3,569	3,846
Work in progress	<u>20,064</u>	<u>34,101</u>
Totals	<u>\$55,209</u>	<u>\$76,671</u>

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

Purchase of highway and office equipment	\$ 56
Resurfacing and reconstruction of Town roads	403
Court renovation project	35
Construction of sidewalks	29
Community Center Expansion project	2,783
Infrastructure dedicated to Town from local developers	1,151
LFTC Interior Road Project	<u>17,187</u>
	<u>\$21,644</u>

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Major capital projects and acquisitions planned for 2010 are as follows (in thousands):

Design and construction of sidewalks and trails	\$ 125
Equipment purchases	37
Park planning	31
Road resurfacing projects	298
Luther Forest Technology Campus interior roads	3,000

The Town's intention to finance the remainder of these projects with current budgetary appropriations, existing capital reserves, 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, 2009 \$3,285,000 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, 2009, \$60,000 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 2010 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 commencement of 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 increased from 1,503 million in 2008 to 1,506 million in 2009 as a result of slowing growth and the economic recession. The Town estimates its population has grown from its 2000 census count of 13,005.

These factors, along with national and regional trends, were taken into account when adopting the Town's budget for 2010. Projected 2010 estimated revenues were \$7.3 million as compared

TOWN OF MALTA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009

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

to \$6.7 million in the adopted 2009 budget. The general town tax levy of \$40,000 was approved to fund the service award program for the volunteer ambulance workers. There will be no highway tax for the ninth consecutive year and the Town's fire protection tax rate will increase to \$.8240 per thousand as a result of the completion of fire protection master plan.

Budgeted expenditures have increased from \$7.1 million to \$7.5 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 2010 adopted budget are the following items:

- Personnel changes, salary increases and rising employee benefit costs
- Technology improvements and miscellaneous equipment
- Infrastructure maintenance
- Assessment professional fees
- New Community Center programming
- Utility costs
- Snow removal costs
- Park and recreation planning, improvements and maintenance
- Community planning
- Contractual increases for fire protection, emergency services and library services

If these estimates are realized, the Town's fund balance is expected to decrease by approximately \$131,000 in 2010. Construction of the roads of LFTC estimated to cost \$37 million, which will be funded with New York State Multi-Modal funding and other state aid, should be completed by June 2010. The LFTC Campus will be responsible for providing the necessary revenues to the Town for the current and long-term maintenance of the LFTC interior roads. Except for these items, an after school program day care program and a full day summer camp program and the capital projects previously identified in the Capital Asset section of this discussion, the Town has not added any new major programs or initiatives to the 2010 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, 2009, 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.

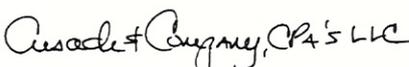
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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.

As described in Note 1k, the Town has not recorded other postemployment benefits in accordance with generally accepted accounting principles. The amounts that would have been recorded as a liability had other postemployment benefits been recorded in accordance with generally accepted accounting principles, is not known.

In our opinion, except for the recording of other postemployment benefits as previously described, 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, 2009, 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 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 March 31, 2010 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

Latham, New York
March 31, 2010

TOWN OF MALTA, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

ASSETS

Current assets:	
Cash and cash equivalents	\$4,394,508
Other receivables	839,014
State and federal receivables	2,830,062
Due from other governments	565,644
Due from other funds	291
Prepaid expenses	53,051
Inventory	<u>25,792</u>
Total current assets	<u>8,708,362</u>
Noncurrent assets:	
Restricted assets	
Cash, cash equivalents and investments	6,337,628
Service award	58,112
Note receivable	37,500
Capital assets, net of accumulated depreciation	
Land	2,115,149
Infrastructure and land improvements, net	47,297,808
Buildings, property and equipment, net	<u>9,067,187</u>
Total noncurrent assets	<u>64,913,384</u>
Total assets	<u>\$73,621,746</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued liabilities	\$ 3,219,647
Due to other governments	2,242,284
Unearned revenues	54,913
Benefits payable	25,650
Current portion of bonds	<u>115,000</u>
Total current liabilities	<u>5,657,494</u>
Noncurrent liabilities:	
Bonds	<u>3,170,000</u>
Total liabilities	<u>8,827,494</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Invested in capital assets, net of related debt	55,195,144
Restricted for:	
Open space, parks and recreation	1,467,691
Building	755,676
Transportation	752,576
Tax stabilization	368,367
Ensuing year's budget	131,131
Unrestricted	<u>6,123,667</u>
Total net assets	<u>64,794,252</u>
Total liabilities and net assets	<u>\$73,621,746</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, 2009

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Program Revenues</u>	<u>Capital Fees, Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
General Government	\$ 1,351,737	\$ 404,449	\$ 32,418	\$ 31,305	\$ (883,565)
Public Safety	865,481	50,000	3,560	-	(811,921)
Health	418,472	-	-	-	(418,472)
Transportation	2,208,848	22,407	88,239	17,505,355	15,407,153
Economic assistance	45,877	-	-	-	(45,877)
Culture and recreation	1,804,901	161,672	34,767	1,677,461	68,999
Home and community services	<u>1,136,170</u>	<u>2,049,262</u>	<u>-</u>	<u>-</u>	<u>913,092</u>
Total governmental activities	<u>\$ 7,831,486</u>	<u>\$2,687,790</u>	<u>\$158,984</u>	<u>\$19,214,121</u>	<u>14,229,409</u>
General revenues:					
Property taxes					858,029
Franchise taxes					142,814
Sales taxes					3,356,712
Mortgage taxes					638,394
State aid					27,833
Use of money and property					178,678
Disposal of property					<u>19,011</u>
Total general revenues					<u>5,221,471</u>
Change in net assets					19,450,880
Net assets, beginning					44,192,223
Contributed infrastructure					<u>1,151,149</u>
Net assets, ending					<u>\$64,794,252</u>

See accompanying notes and independent auditor's report.

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2009

ASSETS	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
Cash and cash equivalents	\$ 650,921	\$ 675,871	\$ 731,127	\$ 44,979	\$ 1,729,544	\$ 13,085	\$ 3,845,527
Other receivables	250,125	116,590	2,163	30,239	439,897	-	839,014
State and Federal receivables	170,835	5,381	10,000	-	2,643,846	-	2,830,062
Due from other governments	273,133	145,082	147,429	-	-	-	565,644
Due from other funds	76,227	-	3,120	-	-	-	79,347
Prepaid expenses	32,384	6,958	13,709	-	-	-	53,051
Restricted cash, cash equivalents and investments	945,244	2,739,659	1,195,983	-	1,516,742	-	6,397,628
Note receivable	37,500	-	-	-	-	-	37,500
Inventory	<u>4,393</u>	<u>-</u>	<u>21,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,792</u>
Total assets	<u>\$ 2,440,762</u>	<u>\$3,689,541</u>	<u>\$ 2,124,930</u>	<u>\$ 75,218</u>	<u>\$ 6,330,029</u>	<u>\$ 13,085</u>	<u>\$ 14,673,565</u>

See accompanying notes and independent auditor's report.

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2009

		Town	Town	Town	Fire	Total	Other	
		General	Outside Village	Highway	Protection	Capital	Governmental	Total
		General	General	Highway	Protection	Projects	Funds	Total
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$	101,947	98,594	47,762	24,425	2,416,333	2,362	2,691,423
Due to other governments		195,292	1,000	-	30,239	2,015,753	-	2,242,284
Unearned revenue		74,774	7,332	-	-	23,000	-	105,106
Due to other funds		-	-	-	-	10,393	100	10,493
Compensated absences		17,864	7,217	569	-	-	-	25,650
		<u>389,877</u>	<u>114,143</u>	<u>48,331</u>	<u>54,664</u>	<u>4,465,479</u>	<u>2,462</u>	<u>5,074,956</u>
COMMITMENTS AND CONTINGENCIES								
Fund Balances								
Reserved for:								
Encumbrances		1,152	625,500	186,474	-	-	-	813,126
Open space and parks		-	1,014,909	-	-	1,635,435	-	2,650,344
Inventory		4,393	-	21,399	-	-	-	25,792
Prepaid		32,384	6,958	13,709	-	-	-	53,051
Tax stabilization		168,874	59,186	140,307	-	-	-	368,367
Building		752,576	-	-	-	10,038	-	762,614
Highway		-	-	755,676	-	219,077	-	974,753
Unreserved:								
Designated - ensuing year's budget		48,211	48,495	34,400	-	-	25	131,131
Designated - note receivable		37,500	-	-	-	-	-	37,500
Designated - board projects		23,793	-	113,526	-	-	-	137,319
Designated - mitigation		-	1,665,564	-	-	-	-	1,665,564
Undesignated		982,002	154,786	811,108	20,554	-	10,598	1,979,048
		<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>
Total liabilities and fund balances	\$	<u>2,440,762</u>	<u>3,689,541</u>	<u>2,124,930</u>	<u>75,218</u>	<u>6,330,029</u>	<u>13,085</u>	<u>14,673,565</u>

See accompanying notes and independent auditor's report.

TOWN OF HOLLAND, 1997-1998
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009**

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
REVENUES AND OTHER FINANCING SOURCES							
Revenues:	\$ 67,001	\$ -	\$ -	\$ 775,045	\$ -	\$ 5,210	\$ 847,256
Real property taxes	10,361	-	-	412	-	-	10,773
Real property tax items	1,635,357	816,814	1,047,355	-	-	-	3,499,526
Non-property tax items	159,433	2,455,852	-	50,000	-	125,153	2,790,438
Departmental income	2,715	250	26,259	3,240	-	600	33,064
Intergovernmental charges	69,447	30,782	32,197	1,834	46,644	574	181,478
Use of money and property	1,305	-	-	-	-	-	1,305
Licenses and permits	379,953	-	-	-	-	-	379,953
Fines and forfeitures							
Sale of property and compensation for loss	4,494	-	14,517	-	-	-	19,011
Miscellaneous local sources	19,396	1,627	150,239	-	2,933,670	-	3,104,932
State aid	681,154	44,583	89,356	-	15,436,775	-	16,251,868
Federal aid	2,981	-	75,000	-	87,490	-	165,471
Total Revenues	3,033,597	3,349,908	1,434,923	830,531	18,504,579	131,537	27,285,075
Other Financing Sources:							
Transfers in	600	35,158	-	-	15,000	-	50,758
Total Revenues and Other Financing Sources	3,034,197	3,385,066	1,434,923	830,531	18,519,579	131,537	27,335,833

See accompanying notes and independent auditor's report.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS, (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Townwide General	Town Outside Village General	Town Outside Village Highway	Fire Protection	Total Capital Projects	Other Governmental Funds	Total
EXPENDITURES AND OTHER FINANCING USES							
Expenditures:							
General governmental support	\$ 1,167,470	\$ -	\$ -	\$ -	\$ 34,626	\$ -	\$ 1,202,096
Public safety	19,018	15,634	-	828,602	-	-	863,254
Health	412,264	5,800	-	-	-	-	418,064
Transportation	152,007	9,872	1,182,742	-	17,255,822	4,845	18,605,288
Economic assistance and opportunity	45,877	-	-	-	-	-	45,877
Culture and recreation	504,224	361,214	-	-	2,819,074	-	3,684,512
Home and community services	50,687	834,298	-	-	-	112,006	996,991
Employee benefits	335,146	118,788	202,486	-	-	-	656,420
Debt Service	200,969	47,141	-	-	-	12,800	260,910
Total Expenditures	2,887,662	1,392,747	1,385,228	828,602	20,109,522	129,651	26,733,412
Other Financing Uses:							
Transfers out	15,000	-	-	-	35,158	600	50,758
Total Expenditures and Other Financing Uses	2,902,662	1,392,747	1,385,228	828,602	20,144,680	130,251	26,784,170
Revenues and Other Financing Sources Over (Under)Expenditures and Other Financing Uses	131,535	1,992,319	49,695	1,929	(1,625,101)	1,286	551,663
Fund Balances, Beginning	1,919,350	1,583,079	2,026,904	18,625	3,489,651	9,337	9,046,946
Fund Balances, Ending	\$ 2,050,885	\$ 3,575,398	\$ 2,076,599	\$ 20,554	\$ 1,864,550	\$ 10,623	\$9,598,609

See accompanying notes and independent auditor's report.

*TOWN OF MALTA
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2009*

	SERVICE <u>AWARD</u>	AGENCY <u>FUNDS</u>
ASSETS		
Cash and cash equivalents	\$23,588	\$ 19,590
Interest and other receivables	1,286	11,667
Investments, at fair value		
Certificates of deposit	90,961	-
Other investments	<u>447,467</u>	<u>-</u>
Total assets	<u>\$ 563,302</u>	<u>\$ 31,257</u>
LIABILITIES		
Due to Other Funds	\$ -	\$ 291
Agency liabilities	<u>-</u>	<u>30,966</u>
Total liabilities	<u>\$ -</u>	<u>\$ 31,257</u>
NET ASSETS		
Held in trust for service award benefits	<u>\$ 563,302</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, 2009

	<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	61,632
Interest, dividends and capital gain distributions	<u>22,716</u>
Total investment earnings	<u>84,348</u>
Total additions	<u>194,348</u>
DEDUCTIONS	
Benefits	22,809
Administrative expenses	<u>6,587</u>
Total deductions	<u>29,396</u>
Changes in net assets	164,952
Net assets, beginning	<u>398,350</u>
Net assets, ending	<u><u>\$563,302</u></u>

See accompanying notes and independent auditor's report.

TOWN OF MALTA, NEW YORK
BUDGETARY COMPARISON STATEMENT - TOWNWIDE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Real property taxes	\$ 68,000	\$ 68,000	\$ 67,001	-	\$ (999)
Real property tax items	8,025	8,025	10,361	-	2,336
Non-property tax items	1,730,000	1,640,000	1,635,357	-	(4,643)
Departmental income	165,500	165,500	159,433	-	(6,067)
Intergovernmental charges	2,500	2,500	2,715	-	215
Use of money and property	65,000	65,000	69,447	-	4,447
Licenses and permits	1,500	1,500	1,305	-	(195)
Fines and forfeitures	335,000	335,000	379,953	-	44,953
Sale of property and compensation for loss	5,000	5,000	4,494	-	(506)
Miscellaneous local sources	2,500	6,250	19,396	-	13,146
State aid	698,600	698,600	681,154	-	(17,446)
Federal aid	-	-	2,981	-	2,981
Total revenues	3,081,625	2,995,375	3,033,597	-	38,222
Other Financing Sources					
Transfers in	600	600	600	-	-
Total revenues and other financing sources	<u>\$3,082,225</u>	<u>\$2,995,975</u>	<u>\$3,034,197</u>	-	<u>\$ 38,222</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, 2009

	Adopted Budget	Final Budget	Actual	Adjustments/ Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
General governmental support	\$ 1,265,445	\$ 1,244,682	\$ 1,167,470	\$ 1,152	\$ 76,060
Public safety	23,000	21,000	19,018	-	1,982
Health	421,500	413,500	412,264	-	1,236
Transportation	166,400	165,499	152,007	-	13,492
Economic assistance and opportunity	50,200	46,400	45,877	-	523
Culture and recreation	570,008	560,885	504,224	-	56,661
Home and community services	48,300	54,050	50,687	-	3,363
Employee Benefits	406,500	399,500	335,146	-	64,354
Debt Service	<u>200,969</u>	<u>200,969</u>	<u>200,969</u>	-	-
Total expenditures	3,152,322	3,106,485	2,887,662	1,152	217,671
Other Financing Uses:					
Transfers out	-	<u>15,000</u>	<u>15,000</u>	-	-
Total expenditures and other financing uses	<u>3,152,322</u>	<u>3,121,485</u>	<u>2,902,662</u>	<u>1,152</u>	<u>217,671</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(70,097)	(125,510)	131,535	(1,152)	255,893
Budgetary earnings and provisions for reserves	(16,000)	(16,000)	(18,863)	-	(2,863)
Fund balance appropriated	<u>86,097</u>	<u>141,510</u>	-	-	<u>(141,510)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ 112,672	\$ (1,152)	\$ 111,520

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, 2009

	Adopted <u>Budget</u>	Final <u>Budget</u>	Actual	Adjustments	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Non-property tax items	\$ 750,000	\$ 709,000	\$ 816,814	\$ -	\$ 107,814
Departmental income	303,300	1,172,300	2,455,852	(1) (1,626,972)	(343,420)
Use of money and property	39,000	42,450	30,782	-	(11,668)
Intergovernmental Charges	-	-	250	-	250
Miscellaneous local sources	3,500	3,500	1,627	-	(1,873)
State aid	<u>34,933</u>	<u>34,933</u>	<u>44,583</u>	<u>-</u>	<u>9,650</u>
Total revenues	1,130,733	1,962,183	3,349,908	-	(239,247)
Other Financing Sources					
Transfers in	<u>-</u>	<u>-</u>	<u>35,158</u>	<u>-</u>	<u>35,158</u>
Total revenues and other financing sources	<u>\$1,130,733</u>	<u>\$1,962,183</u>	<u>\$3,385,066</u>	<u>\$(1,626,972)</u>	<u>\$ (204,089)</u>

(1) - Restricted Parkland and 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, 2009

	Adopted <u>Budget</u>	Final <u>Budget</u>	Actual	Adjustment/ <u>Encumbrances</u>	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
General governmental support	\$ 500	\$ 500	-	\$ -	\$ 500
Public Safety	16,300	16,300	15,634	-	666
Health	6,400	6,400	5,800	-	600
Transportation	13,000	13,000	9,872	-	3,128
Culture and recreation	492,850	441,570	361,214	-	80,356
Home and community services	501,657	1,383,682	834,298	625,500	(76,116)
Employee Benefits	122,400	125,675	118,788	-	6,887
Debt Service	<u>47,141</u>	<u>47,141</u>	<u>47,141</u>	<u>-</u>	<u>-</u>
Total expenditures	1,200,248	2,034,268	1,392,747	625,500	16,021
Other Financing Uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>1,200,248</u>	<u>2,034,268</u>	<u>1,392,747</u>	<u>625,500</u>	<u>16,021</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(69,515)	(72,085)	1,992,319	(2,252,472)	(188,068)
Budgetary earnings and provisions for reserves	(52,000)	(82,000)	(52,483)	-	29,517
Fund balance appropriated	<u>121,515</u>	<u>154,085</u>	<u>-</u>	<u>-</u>	<u>(154,085)</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939,836</u>	<u>\$ (2,252,472)</u>	<u>(\$312,636)</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, 2009

	<u>Adopted</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Adjustments</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Non-property tax items	\$1,400,000	\$1,366,000	\$ 1,047,355	\$ -	\$ (318,645)
Intergovernmental charges	35,000	35,000	26,259	-	(8,741)
Use of money and property	35,200	35,200	32,197	-	(3,003)
Sale of property and compensation for loss	10,000	10,000	14,517	-	4,517
Miscellaneous Local Sources	150,800	150,800	150,239	-	(561)
State aid	65,000	65,000	89,356	-	24,356
Federal aid	-	-	75,000	-	75,000
Total revenues	<u>\$1,696,000</u>	<u>\$1,662,000</u>	<u>\$1,434,923</u>	<u>\$ -</u>	<u>\$ (227,077)</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, 2009

	<u>Adopted</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Adjustments/</u> <u>Encumbrances</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
Transportation	\$1,595,000	\$ 1,588,300	\$ 1,182,742	\$ 186,474	\$ 219,084
Employee Benefits	<u>222,000</u>	<u>217,000</u>	<u>202,486</u>	-	<u>14,514</u>
Total expenditures	1,817,000	1,805,300	1,385,228	186,474	233,598
Other Financing Uses:					
Transfers out	<u>25,000</u>	<u>2,700</u>	-	-	<u>2,700</u>
Total expenditures and other financing uses	1,842,000	1,808,000	1,385,228	186,474	236,298
Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(146,000)	(146,000)	49,695	(186,474)	9,221
Budgetary earnings and provisions for reserves	(17,000)	(17,000)	(15,873)	-	1,127
Fund balance appropriated	<u>163,000</u>	<u>163,000</u>	-	-	<u>(163,000)</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses(Under)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,822</u>	<u>\$(186,474)</u>	<u>\$(152,652)</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, 2009

	Adopted Budget	Final Budget	Actual	Adjustments	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Real property taxes	\$ 775,044	\$ 775,044	\$ 775,045	\$ -	\$ 1
Real property tax items	-	-	412	-	412
Departmental income	-	50,000	50,000	-	-
Intergovernmental charges	3,400	3,400	3,240	-	(160)
Use of money and property	<u>2,000</u>	<u>2,000</u>	<u>1,834</u>	<u>-</u>	<u>(166)</u>
Total revenues	<u>\$ 780,444</u>	<u>\$ 830,444</u>	<u>\$ 830,531</u>	<u>\$ -</u>	<u>\$ 87</u>
EXPENDITURES					
Expenditures:					
Public safety	670,044	720,444	718,602	-	1,842
Volunteer service award program	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>780,444</u>	<u>830,444</u>	<u>828,602</u>	<u>-</u>	<u>1,842</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	1,929	-	1,929
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>\$ -</u>	<u>\$ 1,929</u>	<u>\$ -</u>	<u>\$ 1,929</u>

See accompanying notes and independent auditor's report.

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

Note 1 Summary of Significant Accounting Policies

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

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

a) Financial Reporting Entity

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

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

b) Basis of Presentation

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

See independent auditor's report

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

Note 1 Summary of Significant Accounting Policies, continued

Government-wide Financial Statements

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

The statement of net assets recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other governments; and unrestricted net assets.

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

Basic Financial Statements - Fund Financial Statements

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

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

Note 1 Summary of Significant Accounting Policies, continued

- * Townwide General Fund - is the primary operating fund of the Town. It is used to account for all general financial resources except those to be accounted for in the Town Outside Village General Fund.
- * Town Outside Village General Fund - is used to account for transactions which are required by statute to be a charge on the area of the Town outside the Village such as parks, recreation and library programs and services and building and planning activities.
- * Town Outside Village Highway Fund - established pursuant to Highway Law Section 277 to account for revenues and expenditures related to highway repairs and improvements, bridges, machinery, snow removal, and miscellaneous highway related items for the area of the Town outside the Village.
- * Fire Protection Fund - established to account for revenues and expenditures for the purpose of providing fire protection.
- * Water Supply Fund - established to account for revenues and expenditures for the purpose of providing a water supply.
- * Lighting District Fund - established to account for revenues and expenditures of providing lighting to the Rosebay/Larkspur, Rum Cherry and Ermine Lair Lighting Districts.
- * Sewer District Fund - established to account for revenues and expenditures for the purpose of providing sewer services to a portion of the Downtown area and the southern portion of the Town generally known as the Malta Downtown Sewer District #1 and Malta Sewer District #2, respectively. Both of these sewer districts were abandoned to the Town.
- * Community Development Block Grant Fund - established to account for revenues and expenditures relating to an economic development grant received from the New York State Office for Small Cities for infrastructure improvements in the Saratoga Technology and Energy Park ("STEP").
- * Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital expenditures. Capital projects ongoing as of December 31, 2009 include recreational and infrastructure improvement projects.

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

Note 1 Summary of Significant Accounting Policies, continued

Fiduciary Fund Financial Statements

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

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

c) Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

Note 1 Summary of Significant Accounting Policies, continued

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

For reimbursements due for State and Federal Aid funded projects, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenues at the time of receipt.

The primary non-property tax revenue item is sales tax which is recorded as revenue when it is received by the State and available for distribution to the Town. Sales tax revenue is allocated to the townwide general fund, the town outside village general fund and the town outside village highway fund based upon the Town's adopted budget.

d) Budgetary Data

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

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

e) Inventory

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

See independent auditor's report.

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

Note 1 Summary of Significant Accounting Policies, continued

f) Capital Assets and Depreciation

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

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

g) Revenue Recognition - Property Taxes

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

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

h) Compensated Absences

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

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

Note 1 Summary of Significant Accounting Policies, continued

i) Fund Balance Reserves

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

j) Contributed Infrastructure

Road infrastructure and parkland improvements that have been determined to be in compliance with the Town's Code is accepted by the Town from developers. Additionally, the Town is obligated by law to accept and assume ownership of abandoned sewer systems. This infrastructure is recorded at estimated fair value and reflected as contributed infrastructure in the statement of activities.

k) Post-Retirement Benefits

In addition to pension benefits provided through the NYS Retirement System, the Town provides certain health care benefits for retired employees and their survivors. Substantially, all the Town's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

Effective for the year ended December 31, 2009 Government Accounting Standards Board Statement #45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions ("GASB 45") requires the Town to recognize the cost of other postemployment benefits ("OPEB") in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 required the services of an actuary to calculate the current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than prior practice which recognized expense on a pay-as-you-go basis.

The Town has evaluated the costs and benefits of adopting GASB 45 and determined that at this time the cost outweighs the benefit. Therefore, the Town has continued to recognize OPEB costs on a pay-as-you-go basis, which is not in accordance with generally accepted accounting principles. The amount that would be recorded as liability under GASB 45 is not known. OPEB costs on a pay-as-you-go basis for the year ended December 31, 2009 was \$64,200 for 11 retirees.

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

Note 1 Summary of Significant Accounting Policies, continued

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, 2010, 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.

As of December 31, 2009 the Town had the following pooled deposits and investments:

<u>Pool Deposits</u>	<u>Maturities</u>	<u>Rate</u>	<u>Fair Value</u>
Certificate of Deposit	6/9/10	1.52%	\$ 678,914

See independent auditor's report.

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

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

Service Award Program

Money Funds	\$ 23,588
U.S. Equities (Cost Basis \$24,550)	\$ 31,219
International Equities (Cost Basis \$49,490)	\$ 69,376
Fixed Income (Cost Basis \$338,405)	\$ 342,350
Mixed Assets (Cost Basis \$75,000)	\$ 95,483

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	\$ 168,874	Tax Stabilization
	23,793	Land Acquisition
	<u>752,577</u>	Building
	<u>945,244</u>	
Town Outside Village General	59,186	Tax Stabilization
	1,665,564	Mitigation
	555,528	Open Space
	459,381	Park
	<u>2,739,659</u>	
Town Outside Village Highway	140,307	Tax Stabilization
	300,000	LFTC Roads
	534,653	Highway Equipment Reserve
	221,023	Culvert Repair Capital Reserve
	<u>1,195,983</u>	
Capital Projects	1,000,000	Parks
	516,742	Community Center
	<u>1,516,742</u>	
Total restricted assets	<u>\$6,397,628</u>	

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

Note 3 Restricted Assets, continued

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 \$60,000 as of December 31, 2009 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, 2009 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers & <u>Adjustments</u>	<u>Deletions</u>	Ending <u>Balance</u>
Land	\$ 2,109,949	\$ 5,200	\$ -	\$ -	\$ 2,115,149
Land Improvements	1,627,753	167,541	32,445	-	1,827,739
Work in Progress	20,064,365	19,976,345	(5,897,566)	42,063	34,101,081
Buildings	3,954,057	43,902	5,698,237	-	9,696,196
Infrastructure	23,884,501	1,345,194	-	144,325	25,085,370
Equipment	<u>3,568,813</u>	<u>149,189</u>	<u>166,884</u>	<u>39,099</u>	<u>3,845,787</u>
	<u>\$55,209,438</u>	<u>\$21,687,371</u>	<u>\$ -</u>	<u>\$ 225,487</u>	<u>\$76,671,322</u>

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers & <u>Adjustments</u>	<u>Deletions</u>	Ending <u>Balance</u>
Less Accumulated Depreciation:					
Buildings	\$ 1,761,388	\$ 324,865	\$ -	-	\$ 2,086,253
Improvements	465,857	92,686	-	-	558,543
Infrastructure	12,391,475	910,689	-	144,325	13,157,839
Equipment	<u>2,022,689</u>	<u>404,953</u>	<u>-</u>	<u>39,099</u>	<u>2,388,543</u>
	<u>16,641,409</u>	<u>1,733,193</u>	<u>-</u>	<u>183,424</u>	<u>18,191,178</u>
Net capital assets	<u>\$38,568,029</u>	<u>\$19,954,178</u>	<u>\$ -</u>	<u>42,063</u>	<u>\$58,480,144</u>

Work in progress consists primarily of the construction of the roads with the LFTC project.

Depreciation was charged to the following functions:

General Government	\$ 61,350
Transportation	1,071,700
Culture and Recreation	571,276
Public Safety	6,832
Home and Community Services	<u>22,035</u>
Total depreciation expense	<u>\$1,733,193</u>

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

Note 5 Due to Other Governments

In connection with the Luther Forest Technology Campus (LFTC) Road Project the Town entered into an inter-municipal agreement with the County of Saratoga to provide \$2,500,000 in cash to the Town, bearing interest 4%, as a means to provide the necessary funding needed in order for the Town to accept the New York State Multi-Modal grant for the LFTC Road Project which is a reimbursement driven grant. As of December 31, 2009 \$2,000,000 was outstanding to the County of Saratoga pursuant to this agreement. Simultaneously, the Town entered into an agreement with the Luther Forest Technology Campus Economic Development Corporation ("LFTCEDC") in which LFTCEDC agreed to reimburse the Town for the interest costs being incurred by Town relating to the County agreement.

Note 6 Noncurrent Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
General obligation serial bonds	<u>\$3,400,000</u>	<u>\$ -</u>	<u>\$115,000</u>	<u>3,285,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	\$ 115,000	\$ 128,608	\$ 243,608
2011	\$ 120,000	\$ 124,106	\$ 244,106
2012	\$ 125,000	\$ 119,408	\$ 244,408
2013	\$ 130,000	\$ 114,514	\$ 244,514
2014	\$ 135,000	\$ 109,424	\$ 244,424
2015-2019	\$ 775,000	\$ 462,753	\$1,237,753
2020-2024	\$ 965,000	\$ 296,757	\$1,261,757
2025-2028	<u>\$ 920,000</u>	<u>\$ 92,003</u>	<u>\$1,012,003</u>
Total	<u>\$3,285,000</u>	<u>\$1,447,573</u>	<u>\$4,732,573</u>

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 (\$24,653).

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

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 \$37,500 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, 2009 was \$168,874.

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, 2009 was \$752,576.

Land Acquisition – Monies designated for brush control land acquisition.

Town Outside Village General Fund

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

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

Park Capital Reserve - Pursuant to General Municipal Law, Section 6-c, the Town has established a Park Capital Reserve for purpose of providing sufficient, well-located, active and passive recreational opportunities for Town residents. The balance of this reserve as of December 31, 2009 was \$459,381.

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, 2009 was \$555,528.

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

Note 8 Reserved Fund Balances, continued

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, 2009 was \$59,186.

GEIS Mitigation – Restricted monies for mitigation associated with future land development. The balance of these mitigation funds as of December 31, 2009 were visual \$1,092,283, recreation \$514,756, open space \$3,544, traffic \$1,660 and planning \$53,321.

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, 2009 was \$140,307.

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, 2009 was \$534,653.

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, 2009 was \$221,023.

Luther Forest Technology Campus (“LFTC”) Roads – amounts received as a host benefit contribution for the operation and maintenance of the interior of the LFTC project. The balance of this designated account as of December 31, 2009 was \$113,526 which was net of encumbrances of \$186,474.

Capital Project Fund

Parks – Represents amounts remaining in the Community Center Expansion Project the majority of which will be used for debt service of \$452,782, amounts received from GlobalFoundries towards the construction of a park \$1,000,000 in LFTC and the remainder being the amount established by the Town for various park related projects.

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

Note 8 Reserved Fund Balances, continued

Highway – Monies established for highway capital projects. The balance of these projects as of December 31, 2009 was \$219,077.

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

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

Reconciliation of governmental fund balances to net assets:

Governmental fund balances	\$ 9,598,609
Reflect capital assets net of accumulated depreciation	58,480,144
Eliminate interfund investment for sewer improvements	(60,000)
Reflect outstanding bonds	(3,285,000)
Recognize unearned fine revenues	50,193
Accrue interest on bonds	(36,197)
Reflect volunteer service award programs	<u>46,503</u>
Government activities net assets	<u>\$ 64,794,252</u>
Net changes in fund balances – total government funds	\$ 551,663
Capitalize capital assets acquisitions and improvements	20,536,222
Record depreciation expense	(1,733,193)
Reflect loss on disposal of fixed assets	(42,063)
Payments on Community Center bonds	115,000
Recognize accrued and prepaid expense, interfund debt service and deferred revenues	<u>23,251</u>
Change in net assets of governmental activities	<u>\$ 19,450,880</u>

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

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

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

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

Note 9 Retirement Benefits

Plan Description

The Town participates in the New York State and Local Employees' Retirement System and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of the funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. The Systems report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

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

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

Note 9 Retirement Benefits, continued

	<u>Contribution</u>
2009	\$139,143
2008	\$146,153
2007	\$147,107

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

Note 10 Volunteer Firefighter Service Award Program

Plan Description

In connection with the Town's fire protection service contracts with the Village of Round Lake 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, 2008 one hundred seventeen (107) volunteer firefighters participate in the program.

Funding Policy

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

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

Note 10 Volunteer Firefighter Service Award Program, continued

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
- * A prior service amortization period of 10 years (Deemed fully funded)
- * Present value increases in monthly service award payment due to service credit earned in a year after the year in which a participant reaches the entitlement are amortized over 5 years at 6.0%.

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.

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.

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

Note 10 Volunteer Firefighter Service Award Program, continued

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>2008</u>	<u>2007</u>
Normal Program Cost	\$90,020	\$45,377
Post EA Service Cost	7,559	-
Administration Fees	<u>4,971</u>	<u>3,431</u>
Total required contribution	102,550	48,808
Interest on net pension asset	(3,094)	(2,464)
Adjustment to annual required contribution	<u>3,994</u>	<u>3,158</u>
Annual Service Award Program Cost	103,450	49,502
Contributions Made	<u>110,000</u>	<u>60,000</u>
Increase in net pension asset	6,550	10,498
Net pension asset beginning of year	<u>51,562</u>	<u>41,064</u>
Net pension asset end of year	<u>\$58,112</u>	<u>\$51,562</u>

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$144,480	\$94,846	\$69,961
Terminated volunteers entitled to but not yet receiving benefits	71,523	60,239	49,913
Active volunteer firefighters	<u>309,961</u>	<u>278,583</u>	<u>267,025</u>
Total present value of accrued benefits	525,964	433,668	386,899
Net assets available for benefits	<u>398,350</u>	<u>426,069</u>	<u>347,892</u>
Unfunded actuarial liability	<u>\$127,614</u>	<u>\$ 7,599</u>	<u>\$39,007</u>

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

Note 10 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>
2006	\$ 52,881	123%	\$41,064
2007	\$ 49,502	121%	\$51,562
2008	\$103,450	106%	\$58,112

Note 11 Volunteer Ambulance Worker Service Award Program

Plan Description

In connection with the Town's emergency service contract with a local volunteer ambulance company the Town, by mandatory referendum, implemented a volunteer ambulance worker service award program effective January 1, 2001 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, 2008 thirty-two (32) 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, 2009

Note 11 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
- * A prior service amortization period of 5 years
- * A prior service funding interest rate of 6.5%

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, 2008 and 2007:

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

Note 11 Volunteer Ambulance Worker Service Award Program, continued

Annual Service Award Program Cost and Net Pension Asset

	<u>2008</u>	<u>2007</u>
Normal Program Cost	\$26,654	\$13,318
Contribution Timing Adjustment	1,443	760
Administration Fees	<u>3,168</u>	<u>2,414</u>
Total required contribution	31,265	16,492
Interest on net pension obligation	769	782
Adjustment to annual required contribution	<u>(991)</u>	<u>(986)</u>
Annual Service Award Program Cost	31,043	16,288
Contributions Made	<u>31,265</u>	<u>16,492</u>
Decrease in net pension obligation	(222)	(204)
Net pension asset obligation, beginning	<u>11,831</u>	<u>12,035</u>
Net pension asset obligation, end	<u>\$11,609</u>	<u>\$11,831</u>

Present Value of Accrued Benefits and Assets Available for Benefits

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Present Value of Accrued Benefits			
Retirees currently receiving benefits	\$ 8,961	\$ 9,205	\$ -
Terminated volunteers entitled to but not yet receiving benefits	9,802	4,032	3,786
Active volunteer ambulance workers	<u>69,880</u>	<u>63,097</u>	<u>59,897</u>
Total present value of accrued benefits	88,643	76,334	63,683
Net assets available for benefits	<u>87,310</u>	<u>110,860</u>	<u>93,552</u>
(Over)Unfunded actuarial liability	<u>\$ 1,333</u>	<u>\$(34,526)</u>	<u>\$(29,869)</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>
2008	\$31,043	101%	\$11,609
2007	\$16,288	102%	\$11,831
2006	\$13,737	108%	\$12,035

Note 12 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, 2009

Note 12 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 \$903,881 as of December 31, 2009 has not been reported in the fiduciary fund financial statements.

Note 13 Operating Transfers and Interfund Balances

During the course of normal operations, the Town records numerous transactions between funds including expenditures for the provision of services as well as transfers between funds to finance various projects. Individual fund operating transfer revenues and expenses arising from these transactions as of December 31, 2009 were as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Purpose of Expense</u>
Townwide General Fund	\$ 600	\$ 15,000	Court Improvements
Town Outside Village General Fund	\$ 35,158	\$ -	
Malta Avenue Capital Project	\$ -	\$ 35,158	Park Improvements
Court Improvement Project	\$ 15,000	-	
Water Supply Fund	-	600	Administrative Services
	<u>\$ 50,758</u>	<u>\$ 50,758</u>	

Individual fund interfund receivable and payable balances arising from these transactions as of December 31, 2009 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Townwide General Fund	\$ 76,227	\$ -
Town Outside Village General Fund	3,120	-
Community Center Sidewalk Project	-	10,393
Community Development Block Grant	-	100
Trust & Agency	-	68,854
Total	<u>\$ 79,347</u>	<u>\$ 79,347</u>

Amounts collected by the Town Courts in December of 2009 which were transferred to the town-wide general fund in January 2010 have been reflected as cash and eliminated from the statements of net assets and fiduciary net assets as an interfund transaction.

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

Note 14 Indirect Cost Allocations

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

Transportation	\$14,952
Culture and Recreation	68,535
Home and Community Services	<u>10,232</u>
	<u>\$93,719</u>

Note 15 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. The Town intends to defend these claims vigorously. No adjustments have been made to the financial statements for the year ended December 31, 2009 since the Town is unable to reasonably estimate the final outcome of these claims.

Insurance

The Town participates in a self-insurance plan for workers' compensation under County of Saratoga Local Law No. 1 and 2 of 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan, which currently has 54 participants, is open to any eligible municipality or public entity for participation. The County of Saratoga, New York is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's third party suits; the limit is \$1,000,000 with retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan. All participants make annual payments to the plan based upon historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. For the year ended December 31, 2009 the Town's workers' compensation premium was \$33,865. 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, 2008 (last available information) the plan had a reserved balance of \$4,433,035. 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 \$10,992,211 at December 31, 2008, 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,

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

Note 15 Commitments and Contingencies, continued

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, 2009 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, will be immaterial and no adjustments have been made to the financial statements for the year ended December 31, 2009.

Community Development

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

See independent auditor's report

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

Note 15 Commitments and Contingencies, continued

York State Energy Research and Development Authority (“NYSERDA”) of their obligation to indemnify the Town for any grant funding repayments per the sub-recipient agreement entered into between the Town and NYSERDA.

Luther Forest Technology Campus Road Project

In April 2008 the Town awarded the bid in the amount of \$33,054,856 for the construction of 5.5 miles of road and related amenities for the Luther Forest Technology Campus. NYS Multi-modal funding of \$36,921,500 and New York Economic Development Capital Program funding of \$6,400,000 was secured to finance the construction and related inspection and administration of the project. Additionally, the Town has entered into an inter-municipal agreement with Saratoga County to provide \$2,500,000 in advance funding for the project that will be repaid to County including interest at 4% when the project is completed. The Town has also entered into 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 has also been 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, 2009 the project is 91% complete. 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.

Dunning Street and Plains Road Roundabout Projects

The Town has been awarded approximately \$3,200,000 in federal and state aid for the construction of two roundabouts along Dunning Street and Plains Road. Engineering and design services are 95% reimbursable from the federal and state monies with the New York State Energy Research Development Authority responsible for 2.5%, the County of Saratoga responsible for 1.25% and the remaining 1.25% being the Town’s share. Construction costs will be 100% federally reimbursable. The project was completed in 2009 with minor landscaping and other aesthetic features. Although the project costs have been accounted for in the Town’s financial statements in the capital projects fund, no fixed asset costs, except for the street lighting fixtures, have been accounted for in relation to the project since the proposed road improvements are to county roads.

See independent auditor’s report

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

Note 15 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, 2009 is as follows:

Current assets	\$894,000
Current liabilities	\$ 69,000
Fund balance	\$825,000
Revenues	\$781,000
Expenditures	\$871,000

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. An encumbrance of approximately \$625,000 has been reflected in the financial statements and developer contributions will be received into escrow in 2010 to fund these services. As a result the home and community services expenditures line in the budgetary comparison statement for the Town Outside Village General Fund reflects an unfavorable variance as of December 31, 2009.

See independent auditor's report

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

JOHN A. CIMINO, CPA, OF COUNSEL

**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, 2009, and have issued our report thereon dated March 31, 2010. We conducted our audit in accordance with generally accepted auditing standards 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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. However, this report is a matter of public record and its distribution is not limited.

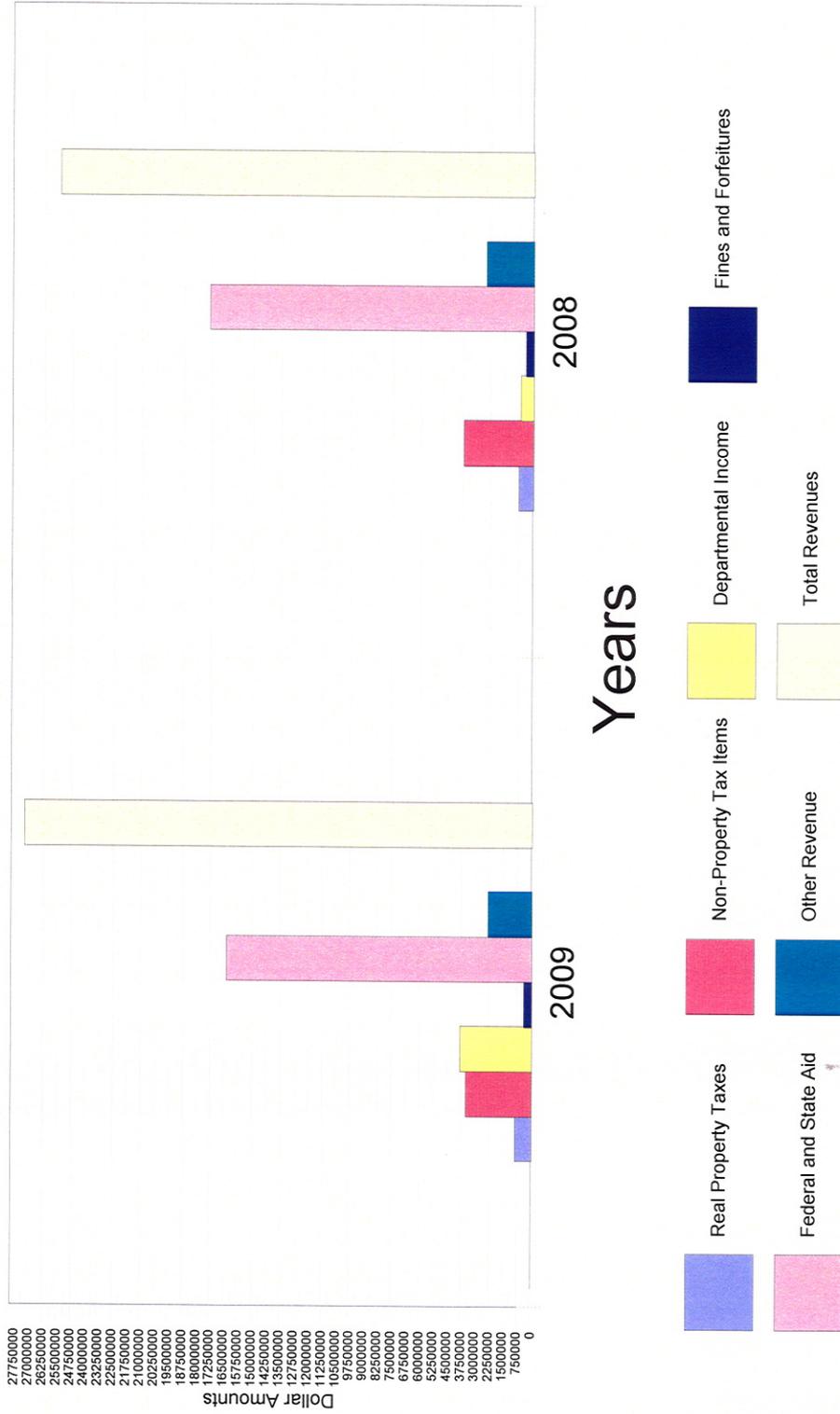
Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 31, 2010

SUPPLEMENTARY INFORMATION

Town of Malta Revenue Comparison



Town of Malta Expenditure Comparison

