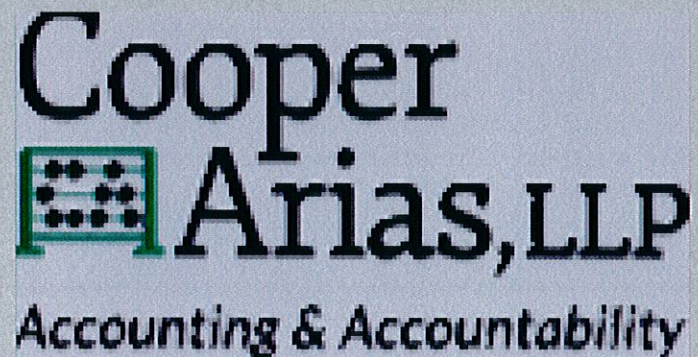


# Town of Tuxedo

December 31, 2017

**ANDREW J. ARIAS, CPA, CRFAC**



# Town of Tuxedo

- ✓ Government Auditing Standards:
  - Financials
  - Assessment of internal controls
  - Compliance with laws and regulations.
- ✓ Single Audit required if federal expenditures exceed \$750,000
  - Internal controls and compliance over federal programs
  - Not required in 2017
- ✓ Opinion on the “fair presentation” of the financial statements to an outside user

# Town of Tuxedo

## Fund Balance Trends

<b>Fund</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2017 Increase/ (Decrease)</b>	<b>2016 Increase/ (Decrease)</b>
General A	1,070,707	922,585	577,059	148,122	345,526
General B	(680,732)	(1,095,986)	(1,247,397)	415,254	151,411
Highway DA	201,976	(100,070)	(452,180)	302,046	352,110
Highway DB	220,838	151,803	14,978	69,035	136,825
Refuse	286,292	316,938	325,113	(30,646)	(8,175)
Sewer	462,765	479,957	481,828	(17,192)	(1,871)
Drainage	60,295	48,760	37,225	11,535	11,535
<b>TOTALS</b>	<b>1,622,141</b>	<b>723,987</b>	<b>(263,374)</b>	<b>898,154</b>	<b>987,361</b>

# Town of Tuxedo

## ✓ General A Fund

✓ Total fund balance increased \$148,000

✓ Total fund balance of \$1.07 million at December 31, 2017

✓ Nothing appropriated towards 2018 Budget

✓ \$621,000 classified as non-spendable *Loans General B Fund*

✓ \$578,000 in loans to General B Fund (Not available due to deficit fund balance)

✓ \$43,000 in prepaid expenses

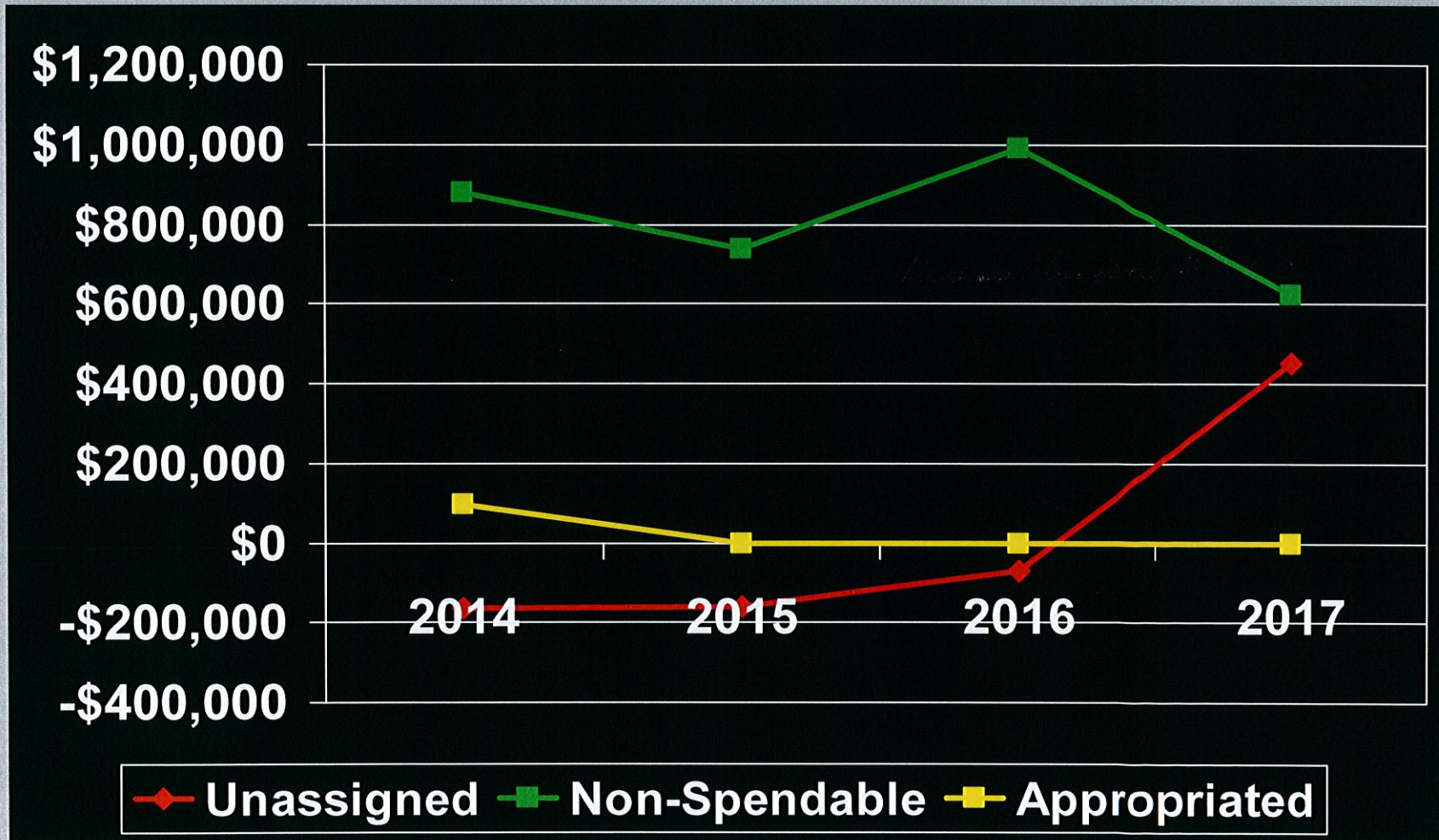
✓ Unassigned fund balance of \$450,000

✓ 17% of the subsequent year's budgeted expenditures

✓ NYS Comptroller considers 10-20% as reasonable

# Town of Tuxedo

## GENERAL TOWNWIDE FUND BALANCE

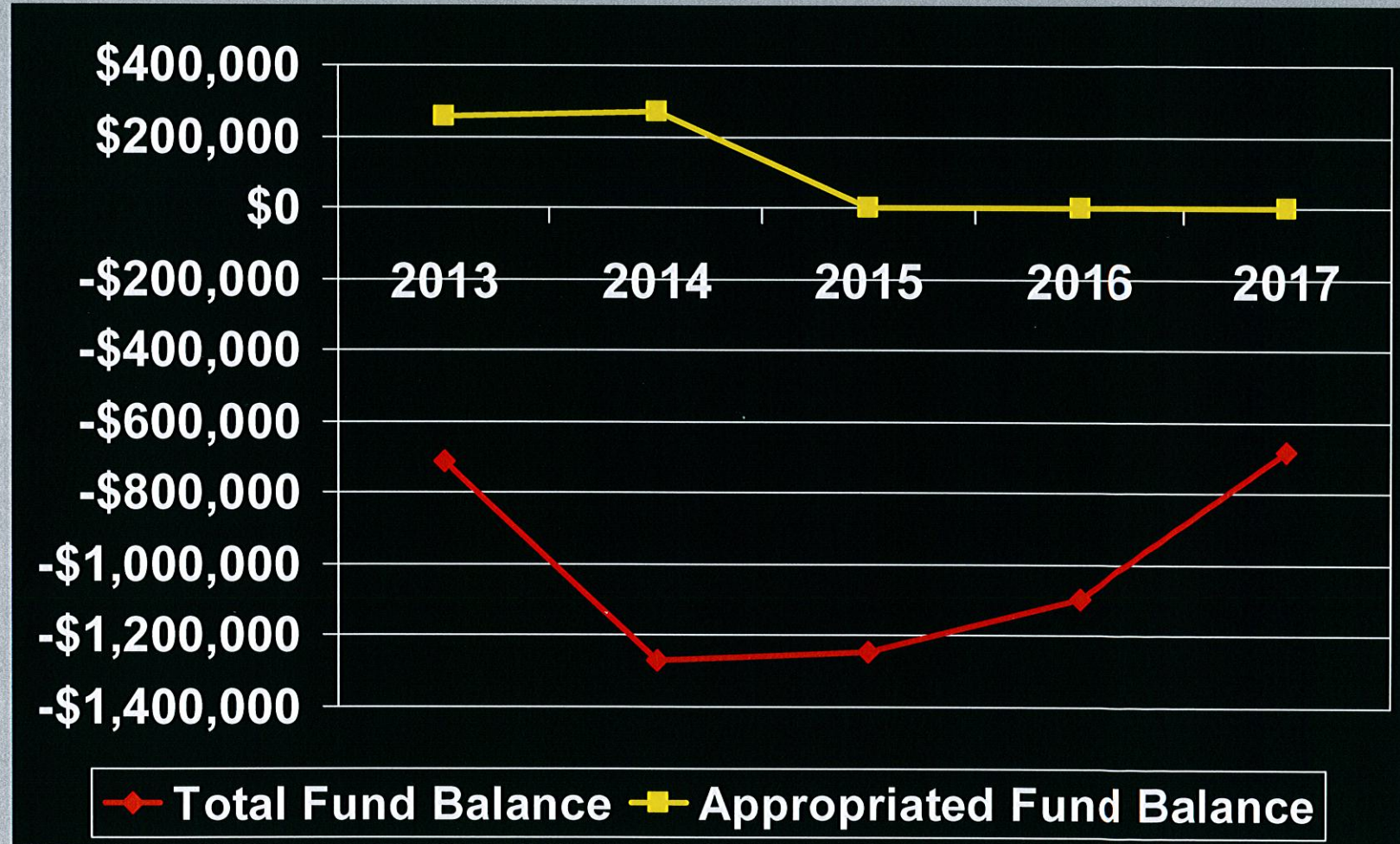


# Town of Tuxedo

- ✓ General B Fund
  - ✓ Total fund balance increased \$415,000
  - ✓ Total fund deficit of \$681,000 at December 31, 2017
    - ✓ \$33,000 classified as non-spendable (Prepaid Expenses)
    - ✓ Unassigned fund deficit of \$714,000
  - ✓ Fund deficit reduction of \$250,000 included in 2018 Budget
    - ✓ If activity stays within budget, deficit should be eliminated by 2020

# Town of Tuxedo

## GENERAL TOWN OUTSIDE FUND BALANCE



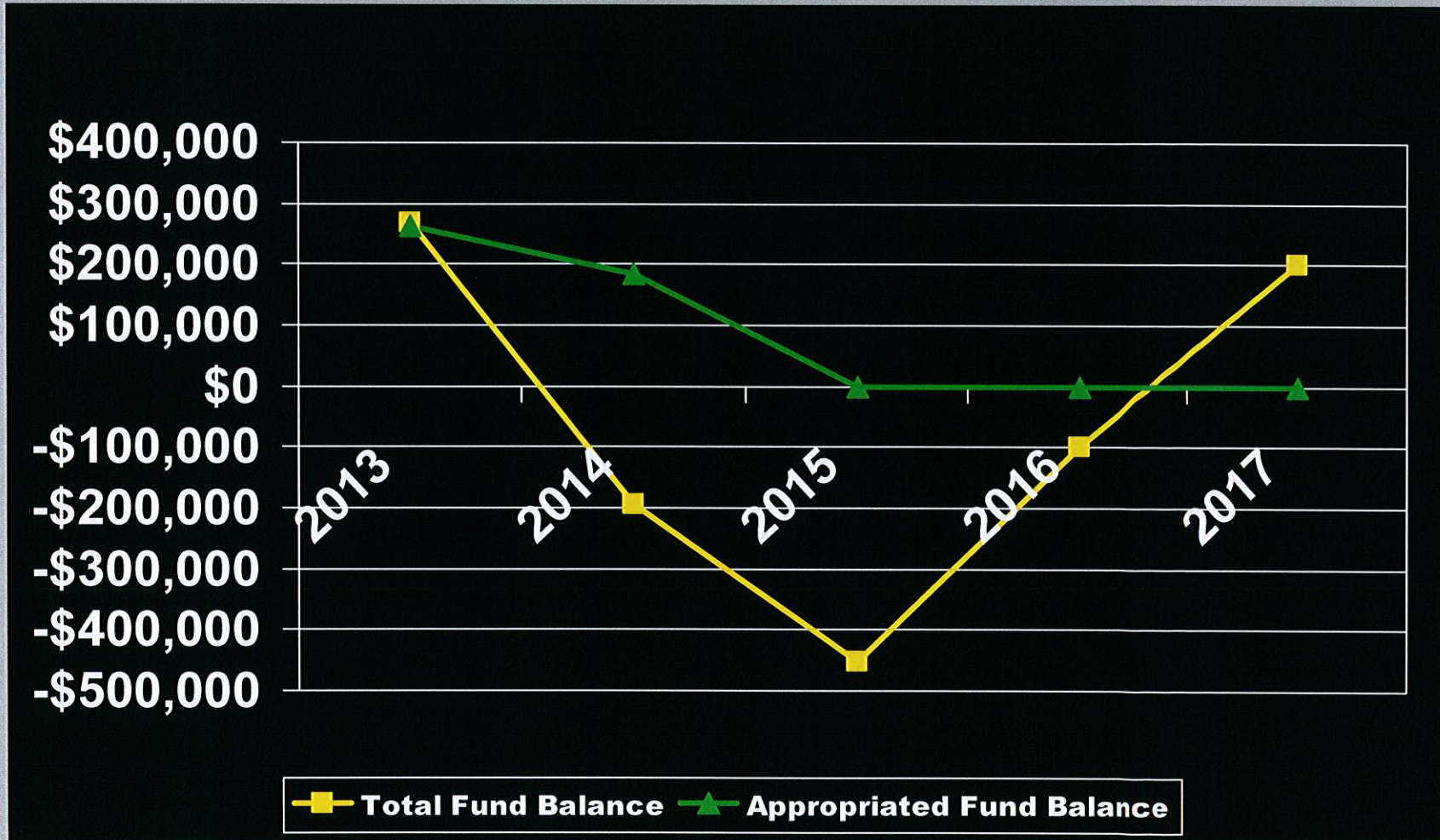
# Town of Tuxedo

- ✓ Highway DA Fund
  - ✓ Total fund balance increased \$302,000
  - ✓ Total fund balance of \$202,000 at December 31, 2017
    - ✓ Nothing appropriated towards 2018 Budget
    - ✓ \$17,000 classified as non-spendable (Prepaid Expenses)
    - ✓ Unappropriated fund balance of \$185,000
      - ✓ 21% of subsequent year's budgeted expenditures



# Town of Tuxedo

## HIGHWAY TOWNWIDE FUND BALANCE



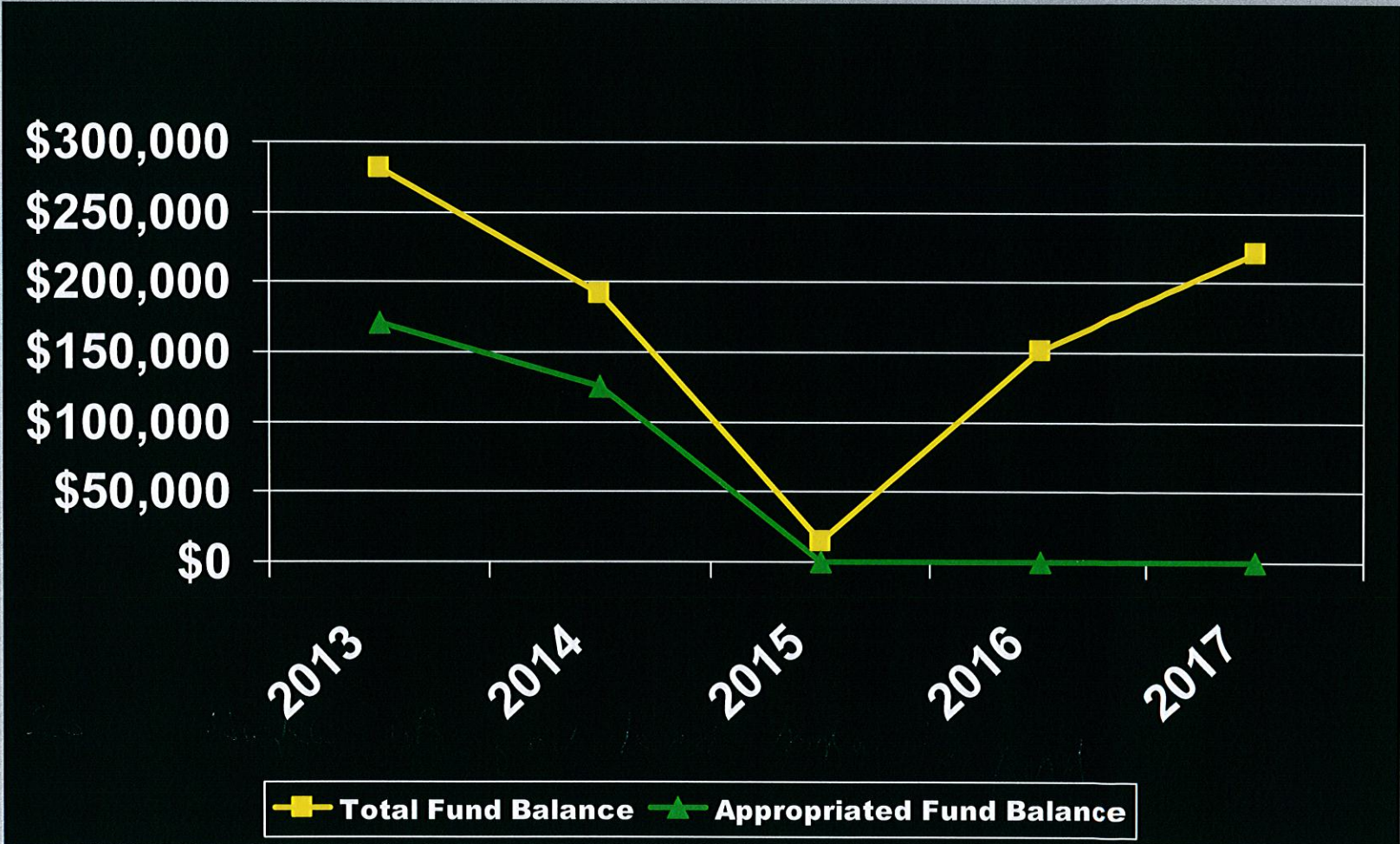
# Town of Tuxedo

- ✓ Highway DB Fund
  - ✓ Total fund balance increased \$69,000
  - ✓ Total fund balance of \$221,000 at December 31, 2017
    - ✓ Nothing appropriated towards 2018 Budget
    - ✓ No non-spendable fund balances
    - ✓ Unappropriated fund balance of \$221,000
      - ✓ 49% of subsequent year's budgeted expenses
      - ✓ 15% in 2016

20 Highway DB fund lend money to fund

# Town of Tuxedo

## HIGHWAY PART TOWN FUND BALANCE



# Town of Tuxedo

## Fund Balances

Fund	Unassigned/ Unappropriated Fund Balance	% of Subsequent Year's Budget	P/Y % of Subsequent Year's Budget
General A	449,627	17%	-
General B	-	-	-
Highway DA	185,176	21%	-
Highway DB	220,838	49%	15%
Refuse 1 (Leaf)	200,225	N/A	N/A
Refuse 2 (Garbage)	86,067	32%	56%
Sewer	462,765	258%	201%
Drainage	60,295	N/A	423%

# Town of Tuxedo

- ✓ Deficit fund balances
  - ✓ General B is the only remaining fund with a deficit at year end
    - ✓ Deficit has been reduced by \$567,000 over the past two years (45% of original deficit)
    - ✓ Should be eliminated over next 2-3 years if activity is consistent with budgeted amounts
- ✓ All other funds have positive fund balances
  - ✓ As General B deficit fund balance is reduced or eliminated, it will have a direct positive effect on the General A fund balance
  - ✓ Monitor fund balance levels as deficits are eliminated
  - ✓ Consider funding reserves with excess fund balance to further strengthen the Town's financial position

# Town of Tuxedo

- ✓ Budget Monitoring
  - ✓ Two budget lines overspent
    - ✓ Settlement payment funded with bond proceeds in General A
    - ✓ Health insurance expenses reclassified to General A
  - ✓ Activity monitored throughout year and budget modifications approved as needed
- ✓ Overall Budget
  - ✓ Revenues in line with actual needs
  - ✓ Fund balance no longer being used to balance the budget
- ✓ Town's financial position much improved over the past two years
  - ✓ Continue to monitor budgets throughout the year

# Town of Tuxedo

- ✓ Other Items
  - ✓ Refuse District 1 - Leaf Removal
    - ✓ Fund balance not being utilized
    - ✓ Transfer of fund balance must go to fund with same tax base
  - ✓ Capital Projects Fund
    - ✓ Old balance should be transferred back to fund of origin
  - ✓ Trust & Agency Fund
    - ✓ Various escrow or agency liability accounts
    - ✓ No activity over past few years
    - ✓ Determine if projects are still active and, if not, whether amounts need to be returned or are available for Town use
  - ✓ Prepay retirement bills in December for discount
  - ✓ Higher cash balances and rising interest rates provide opportunity for interest earnings moving forward

# Town of Tuxedo

- ✓ Tuxedo Farms Local Development Corporation
  - ✓ Sewer system construction and operation
  - ✓ Reported in the Town's financial statements as a blended component unit
    - ✓ Town Supervisor appoints board members of the Corporation with the consent of the Town Board
    - ✓ Town is the sole member of the Corporation
    - ✓ GASB 80 reporting requirement
  - ✓ Separately issued financial statements available



# Town of Tuxedo

- ✓ Management Letter
  - ✓ Recommendations for improvement
  - ✓ Management responses included in Letter
    - ✓ One recurring comment from prior years
    - ✓ Two new comments
    - ✓ Two prior year issues were addressed
  - ✓ All issues discussed with Business Office
- ✓ Unmodified opinion on financial statements
  - ✓ Everything in financial statements presented in accordance with Generally Accepted Accounting Standards (GAAP)

# Town of Tuxedo

- ✓ GASB 75 – Implementation date of 12/31/18
  - ✓ Changes the reporting requirements of GASB 45
  - ✓ Full liability to be shown on face of financial statements instead of amortizing in over 30 years
  - ✓ Full accrual statements only
  - ✓ No effect on governmental funds
  - ✓ Make sure actuary prepares 2018 reports in accordance with GASB 75