

# Town of Tuxedo

December 31, 2015

**ANDREW J. ARIAS, CPA, Cr.FA**



# 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
  - Threshold increased from \$500,000
  - Not required in 2015
- ✓ Opinion on the “fair presentation” of the financial statements to an outside user

# Town of Tuxedo

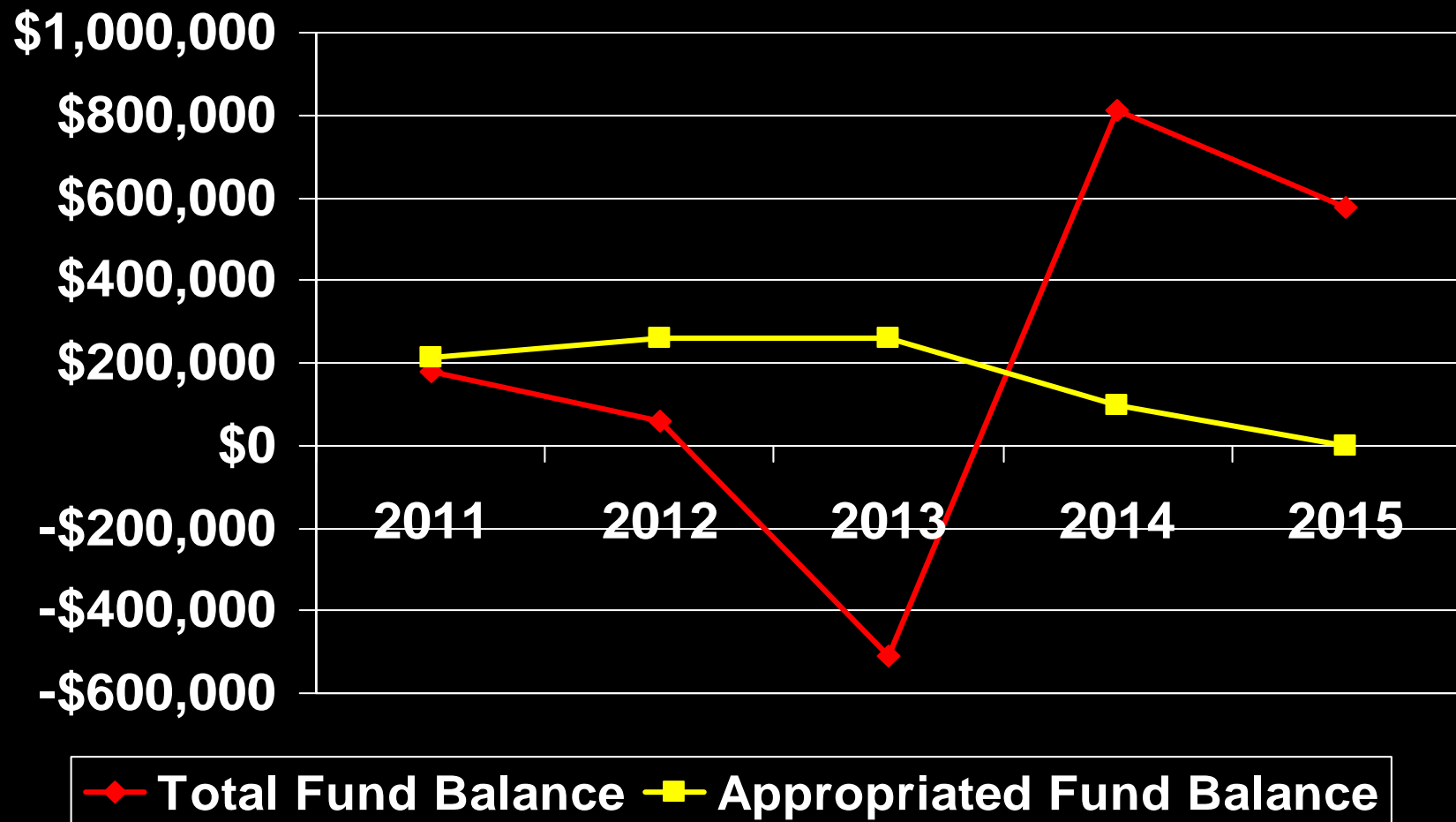
- ✓ General A Fund
  - ✓ Total fund balance decreased \$235,000
    - ✓ Planned decrease of \$98,000 through Appropriated FB
    - ✓ Underperformed the budget by \$137,000
      - ✓ Mainly related to revenues coming in below budgeted amounts
  - ✓ Total fund balance of \$577,000 at December 31, 2015
    - ✓ Nothing appropriated towards 2016 Budget
    - ✓ \$737,000 classified as non-spendable
      - ✓ Loans to funds with deficit fund balances
    - ✓ Unassigned fund deficit of \$160,000

# Town of Tuxedo

- ✓ General A Fund 2016 Budget Adjustments
  - ✓ Nothing appropriated in 2016 Budget
  - ✓ Future budgets should exclude any appropriated fund balance until unassigned fund balance stabilizes as a positive amount

# Town of Tuxedo

## GENERAL TOWNWIDE FUND BALANCE



# Town of Tuxedo

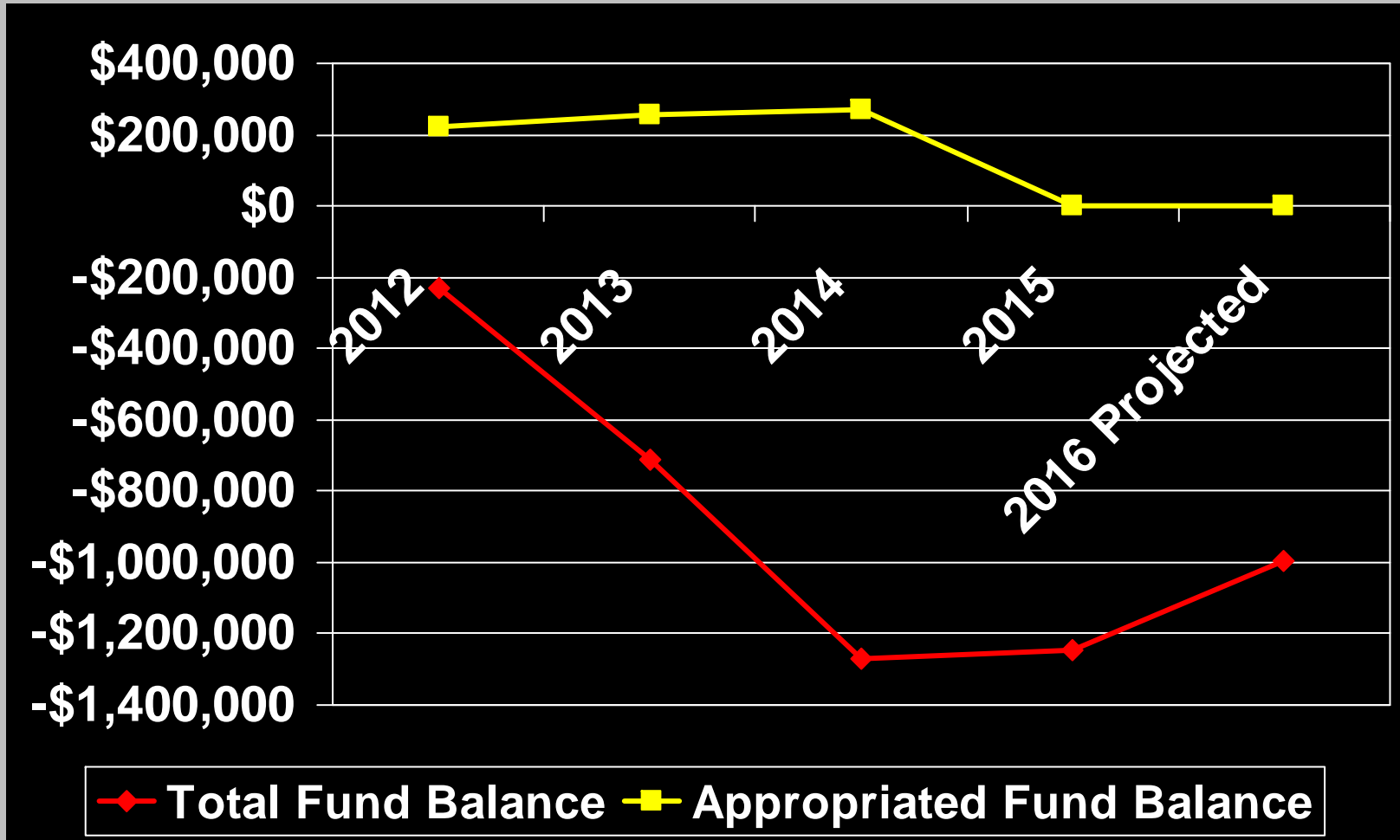
- ✓ General B Fund
  - ✓ Total fund balance increased \$24,000
    - ✓ Planned decrease of \$270,000 through Appropriated FB
    - ✓ Outperformed the budget by \$294,000
    - ✓ Revenues \$184,000 over budget
      - ✓ Sales Tax revenues \$84,000 over budget
      - ✓ Franchise Fee revenues \$71,000 over budget
    - ✓ Expenditures \$110,000 under budget
  - ✓ Total fund deficit of \$1.25 million at December 31, 2015
    - ✓ Nothing appropriated towards 2016 Budget
    - ✓ Unassigned fund deficit of \$1.25 million

# Town of Tuxedo

- ✓ General B Fund 2016 Budget Adjustments
  - ✓ \$250,000 fund balance increase included in Budget
    - ✓ Will eliminate deficit by about 2020
  - ✓ Nothing appropriated in 2016 Budget
  - ✓ Future budgets should exclude any appropriated fund balance until unassigned fund balance stabilizes as a positive amount

# Town of Tuxedo

## GENERAL TOWN OUTSIDE FUND BALANCE





# Town of Tuxedo

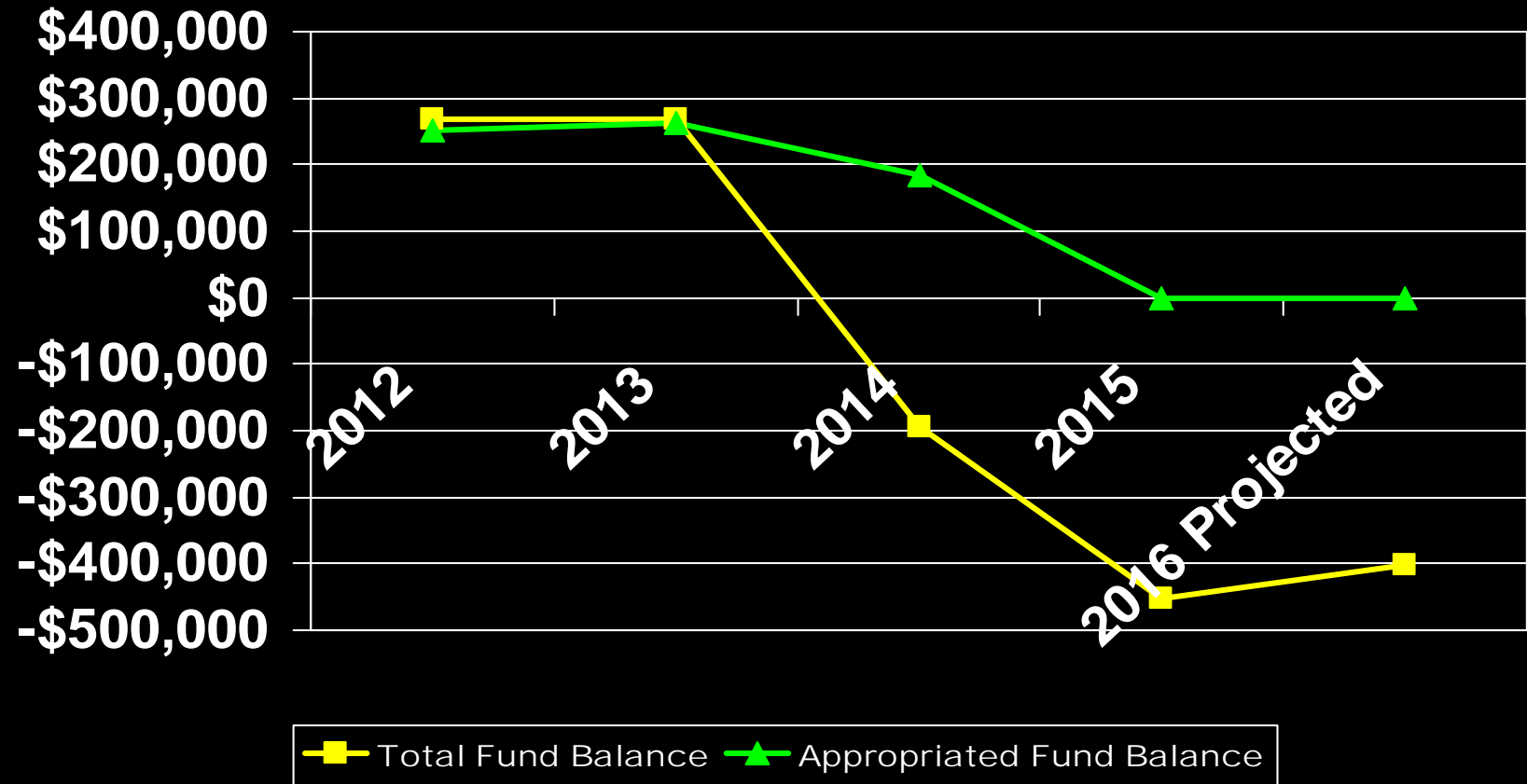
- ✓ Highway DA Fund
  - ✓ Total fund balance decreased \$234,000
    - ✓ Planned decrease of \$185,000 through Appropriated FB
    - ✓ Underperformed the budget by \$49,000
  - ✓ Total fund deficit of \$452,000 at December 31, 2015
    - ✓ Nothing appropriated towards 2016 Budget
    - ✓ \$45,000 classified as non-spendable
    - ✓ Unassigned fund deficit of \$497,000

# Town of Tuxedo

- ✓ Highway DA Fund 2016 Budget Adjustments
  - ✓ \$50,000 fund balance increase included in Budget
    - ✓ Will eliminate deficit by about 2025
  - ✓ Nothing appropriated in 2016 Budget
  - ✓ Future budgets should exclude any appropriated fund balance until unassigned fund balance stabilizes as a positive amount

# Town of Tuxedo

## HIGHWAY TOWNWIDE FUND BALANCE



# Town of Tuxedo

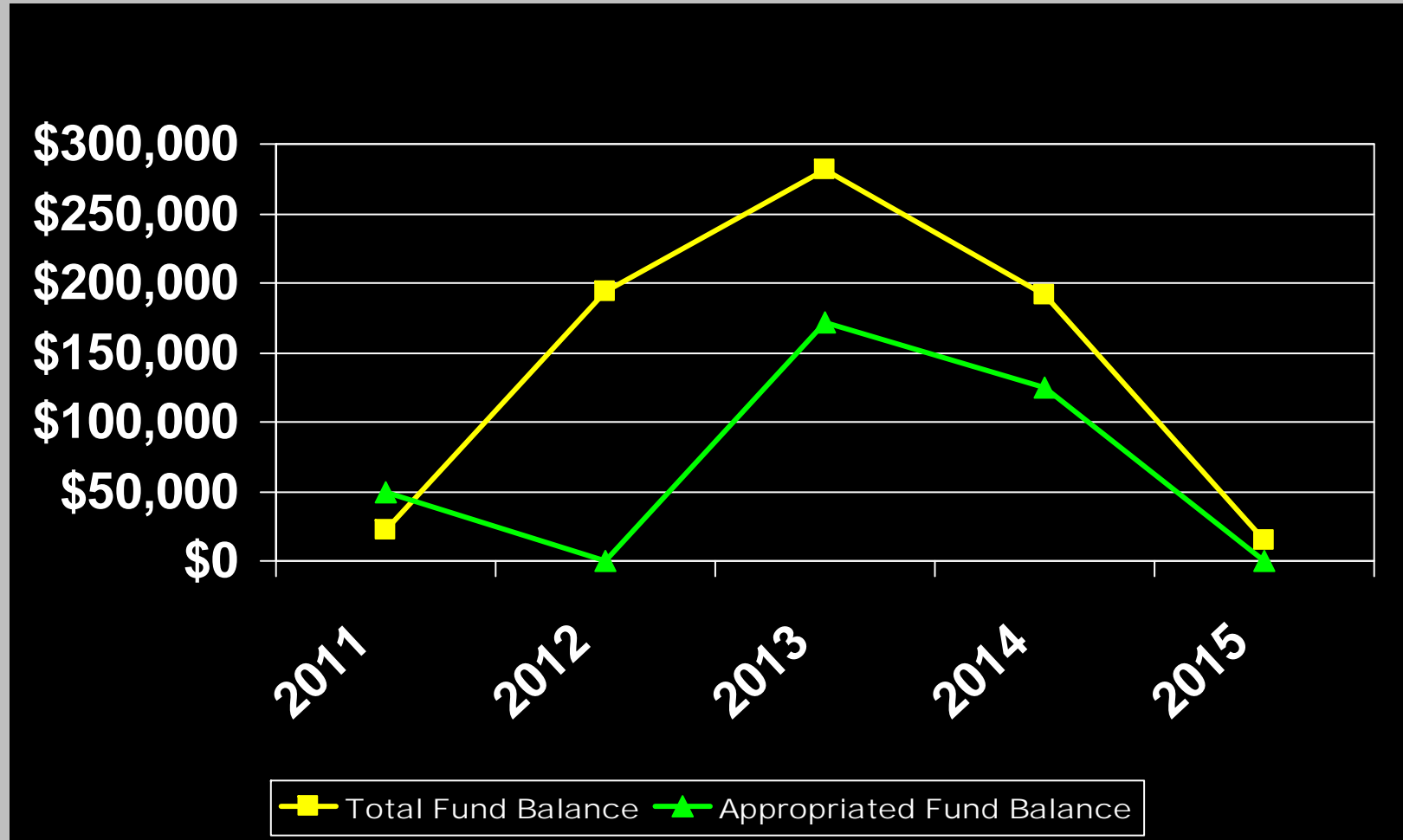
- ✓ Highway DB Fund
  - ✓ Total fund balance decreased \$177,000
    - ✓ Planned decrease of \$125,000 through Appropriated FB
    - ✓ Underperformed the budget by \$52,000
  - ✓ Total fund balance of \$15,000 at December 31, 2015
    - ✓ Nothing appropriated towards 2016 Budget
    - ✓ \$19,500 classified as non-spendable
    - ✓ Unassigned fund deficit of \$4,500

# Town of Tuxedo

- ✓ Highway DB Fund 2015 Budget Adjustments
  - ✓ Nothing appropriated in 2016 Budget
  - ✓ Future budgets should exclude any appropriated fund balance until unassigned fund balance stabilizes as a positive amount

# Town of Tuxedo

## HIGHWAY PART TOWN FUND BALANCE



# Town of Tuxedo

## Fund Balances

<b>Fund</b>	<b>Total Fund Balance</b>	<b>Reserves</b>	<b>Non-Spendable</b>	<b>Appropriated Fund Balance</b>	<b>Unassigned/ Unappropriated Fund Balance</b>
General A	577,059	-	736,973	-	(159,914)
General B	(1,247,397)	-	-	-	(1,247,397)
Highway DA	(452,180)	-	44,603	-	(496,783)
Highway DB	14,978	-	19,547	-	(4,569)
Refuse	325,113	-	151,183	-	173,930
Sewer	481,828	-	481,828	-	-
Drainage	37,225	-	-	-	37,225
<b>TOTALS</b>	<b>(263,374)</b>			<b>-</b>	<b>(1,697,508)</b>
<b>P/Y TOTALS</b>	<b>277,665</b>			<b>678,000</b>	<b>(1,626,318)</b>

# Town of Tuxedo

- ✓ Deficit fund balances in General B and Highway DA
  - ✓ 2016 Budget has built in fund balance increases to eliminate deficits over time
  - ✓ Deficits should be eliminated over next 5-10 years if activity is consistent with budgeted amounts
  - ✓ Monitor budget to actual activity closely during the year
- ✓ Other funds have positive fund balances
  - ✓ Most of the money is “not available” since it has been used to fund deficits in General B and Highway DA
  - ✓ Non-spendable fund balance represents amounts loaned to funds with deficit fund balances
  - ✓ As deficit fund balances are reduced or eliminated, it will have a direct positive effect on the funds that are carrying interfund loans



# Town of Tuxedo

## New Items in Current Year

- ✓ GASB 68 Pension Reporting – Note 10 in Report
  - ✓ Full accrual statements only
    - ✓ No effect on fund balance, budgeting, tax levy, etc.
  - ✓ Must report Town's proportionate share of the ERS/PFRS Systems' net pension asset or liability
    - ✓ \$355,000 net pension liability and \$47,000 deferred inflows of resources offset by \$659,000 in deferred outflows of resources
    - ✓ Deferred inflows/outflows of resources account for timing issues, actual investment results compared to projected and changes in assumptions
  - ✓ Amounts can change dramatically based on assumptions
    - ✓ Pension accruals (GASB 68) use discount rate of 7.5%
    - ✓ Retiree health insurance accruals (GASB 45) use discount rate of 4.5%
    - ✓ A one percentage point decrease in discount rate increases the ERS liability by \$1.25 million and the PFRS liability by \$1.65 million
    - ✓ See page 43 of Report for effects of change in discount rate. Keep in mind when looking at both GASB 45 and GASB 68 liabilities.

# Town of Tuxedo

## New Items in Current Year

- ✓ Tuxedo Farms Local Development Corporation
  - ✓ Sewer system construction and operation
  - ✓ Reported in the Town's financial statements as a discretely presented component unit
  - ✓ Oversight responsibility
    - ✓ Town Supervisor appoints board members of the Corporation with the consent of the Town Board
  - ✓ Relationship
    - ✓ Financial benefit or burden as a result of the relationship
  - ✓ Separately issued financial statements available
- ✓ Comparative financial statements
  - ✓ All statements have prior year amounts for comparative purposes.

# Town of Tuxedo

- ✓ Management Letter
  - ✓ Recommendations for improvement
  - ✓ Findings and responses included in Letter
  - ✓ All issues discussed in detail with Business Office
- ✓ Unmodified opinion on financial statements
- ✓ New GASB pronouncements
  - ✓ 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
    - ✓ Would increase total liability of Town by \$7.4 million in 2015
    - ✓ Full accrual statements only. No effect on governmental funds.
    - ✓ Will update as implementation gets closer