

VILLAGE OF MONTICELLO

July 31, 2016

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VILLAGE OF MONTICELLO

- ✓ Several parts to the audit
 - ✓ Financials
 - ✓ Compliance with laws and regulations
 - ✓ Assessment of internal controls

- ✓ Federal Single Audit
 - ✓ Required if federal expenditures exceed \$750,000
 - ✓ Internal controls and compliance over major federal programs
 - ✓ Required on Wastewater Treatment Plant funding in 2016
 - ✓ NYS Single Audit required if DOT funding exceeds \$100,000
 - ✓ Only required if federal Single Audit threshold is exceeded
 - ✓ Required on CHIPS funding in 2016
 - ✓ Separate Report issued

- ✓ Financial Statement Audit. Opinion on “fairly presented” financial statements

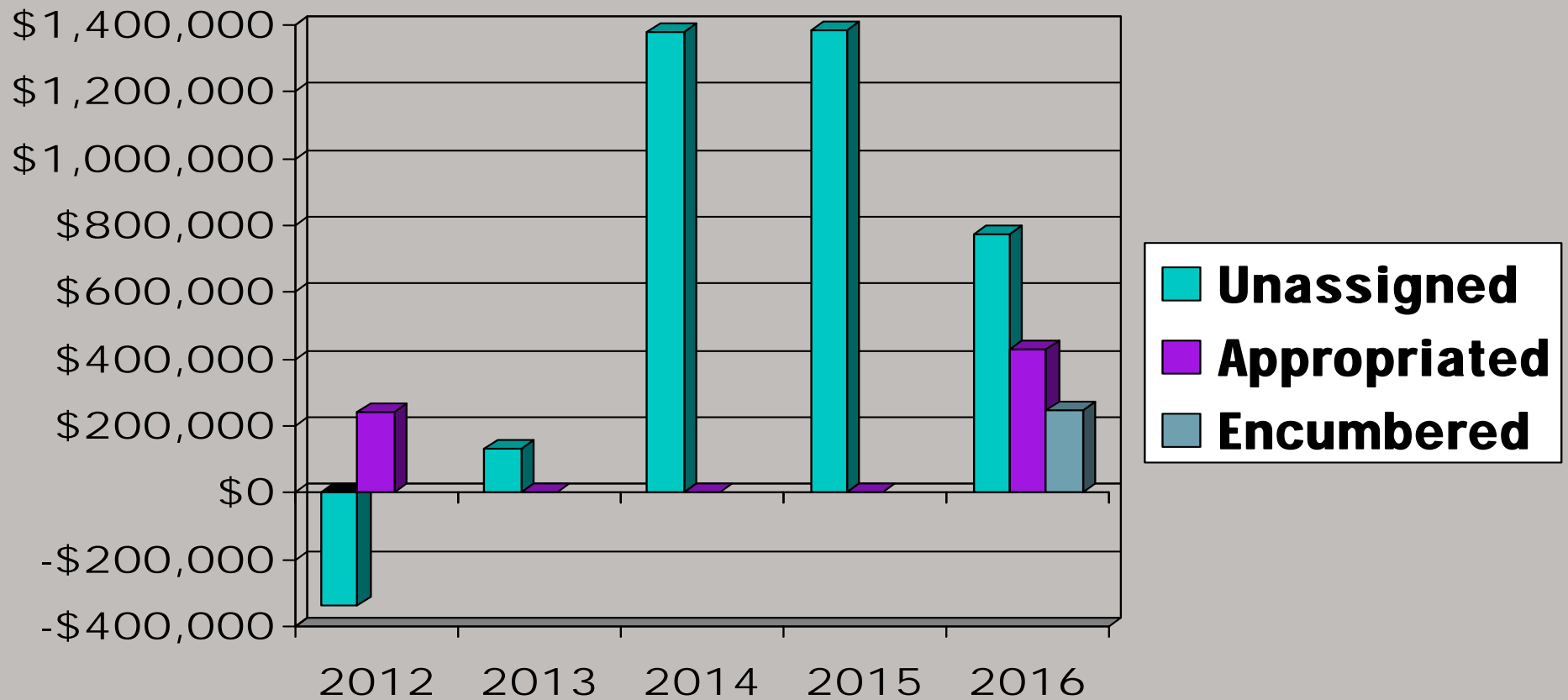
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General Fund

- ✓ Fund balance increased \$91,000
- ✓ Total fund balance of \$1.45 million
 - ✓ \$431,000 appropriated towards the 2017 Budget
 - ✓ \$245,000 encumbered towards 2017 expenditures
 - ✓ New street light
 - ✓ Unassigned fund balance of \$773,000
 - ✓ 11% of the subsequent year's budgeted expenditures
 - ✓ 19% in 2015
 - ✓ 20% in 2014
- ✓ Decrease in unassigned fund balance entirely due to \$676,000 of fund balance set aside for use in subsequent year
- ✓ Closely monitor 2017 activity to see effect on fund balance

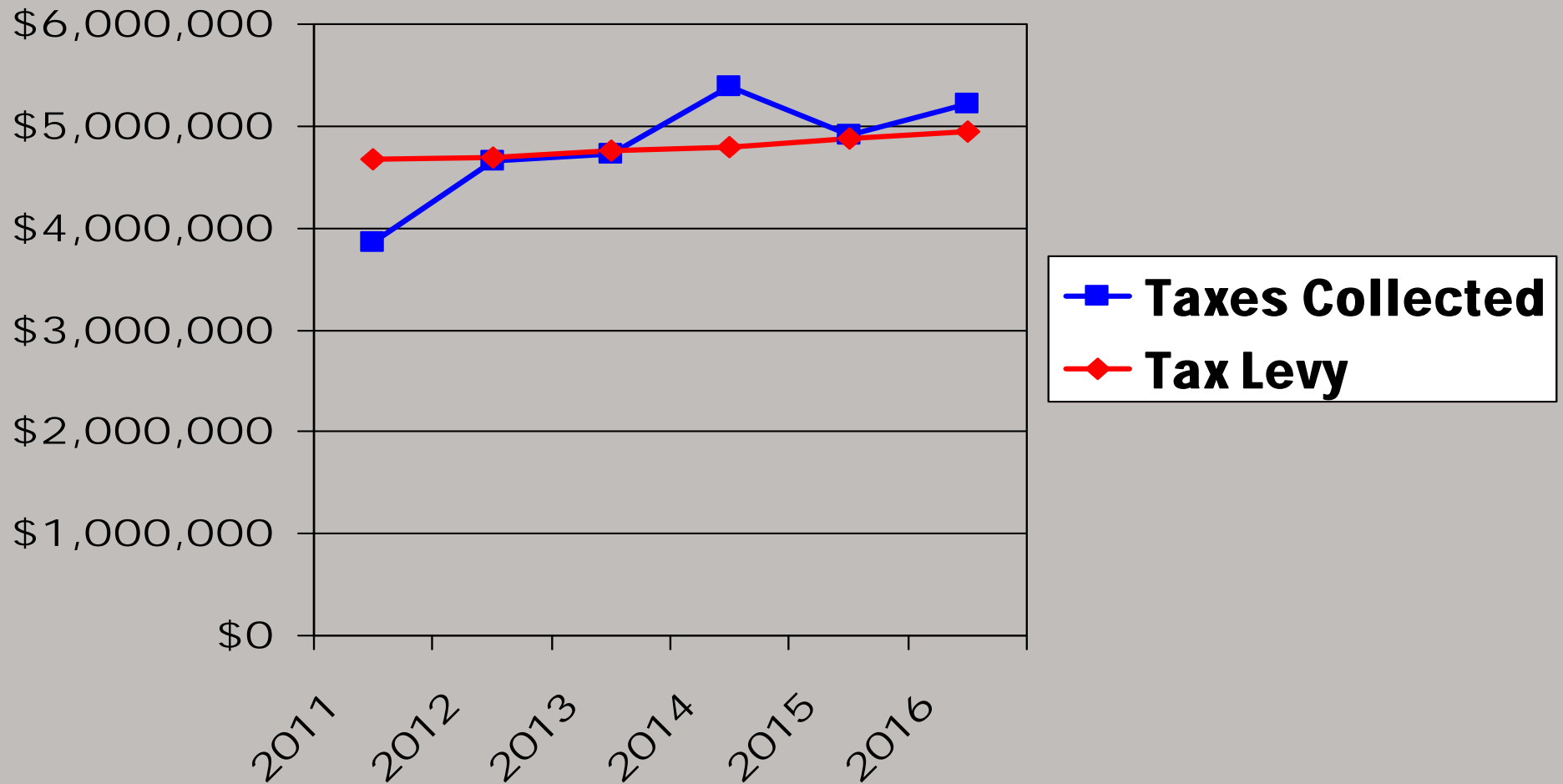
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General Fund Balance



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General Fund Tax Revenues



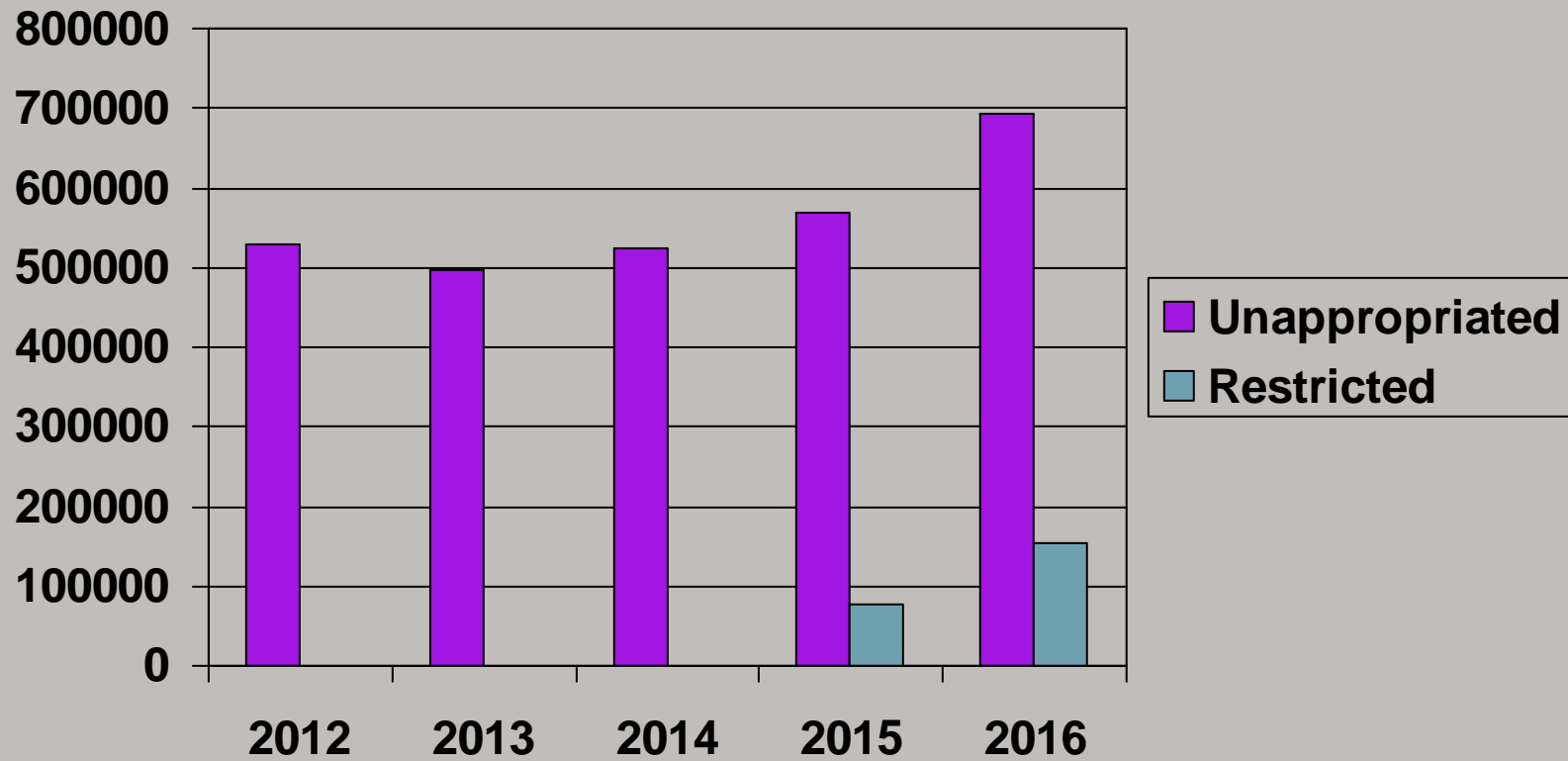
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✓ Sewer Fund

- ✓ Fund balance increased \$177,000 in 2015
 - ✓ \$77,000 of increase attributable to planned funding of USDA reserve
 - ✓ Remainder due to expenses below budgeted amounts
- ✓ Reserved fund balance of \$154,000
- ✓ Unappropriated fund balance of \$692,000
 - ✓ 37% of subsequent year's budgeted expenditures
 - ✓ 34% in 2015
 - ✓ 31% in 2014
- ✓ Sewer charges \$178,000 under budget
 - ✓ Offset by expenses under budgeted amounts
 - ✓ Variance decreased by \$80,000 from 2015
 - ✓ Budgeted sewer charges reduced by an additional \$52,000 in 2017 Budget
 - ✓ Continue towards goal of getting budgeted revenues in line with actual activity before variances begin to adversely affect fund balance

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Sewer Fund Balance

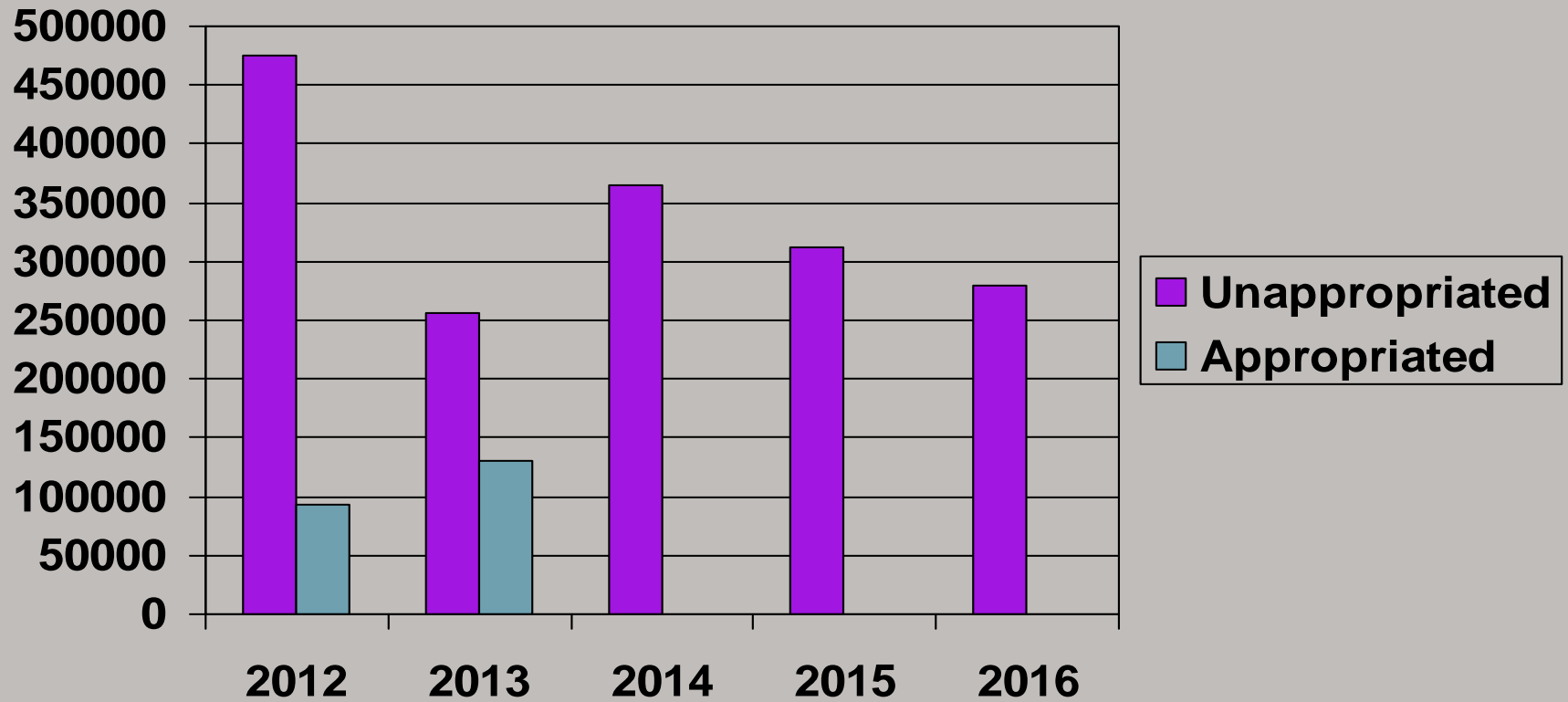


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- ✓ Water Fund
 - ✓ Fund balance decreased \$13,000 in 2016
 - ✓ Activity consistent with the prior year
 - ✓ \$20,000 of fund balance encumbered for 2017 expenditures
 - ✓ Unappropriated fund balance of \$280,000
 - ✓ 18% of subsequent year's budgeted expenditures
 - ✓ 19% in 2015
 - ✓ 22% in 2014
 - ✓ Water charges \$253,000 under budget
 - ✓ Offset by expenses under budgeted amounts
 - ✓ Variance decreased by \$19,000 from 2015
 - ✓ Budgeted water charges reduced by an additional \$31,000 in 2017 Budget
 - ✓ Continue towards goal of getting budgeted revenues in line with actual activity before variances begin to adversely affect fund balance

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Water Fund Balance

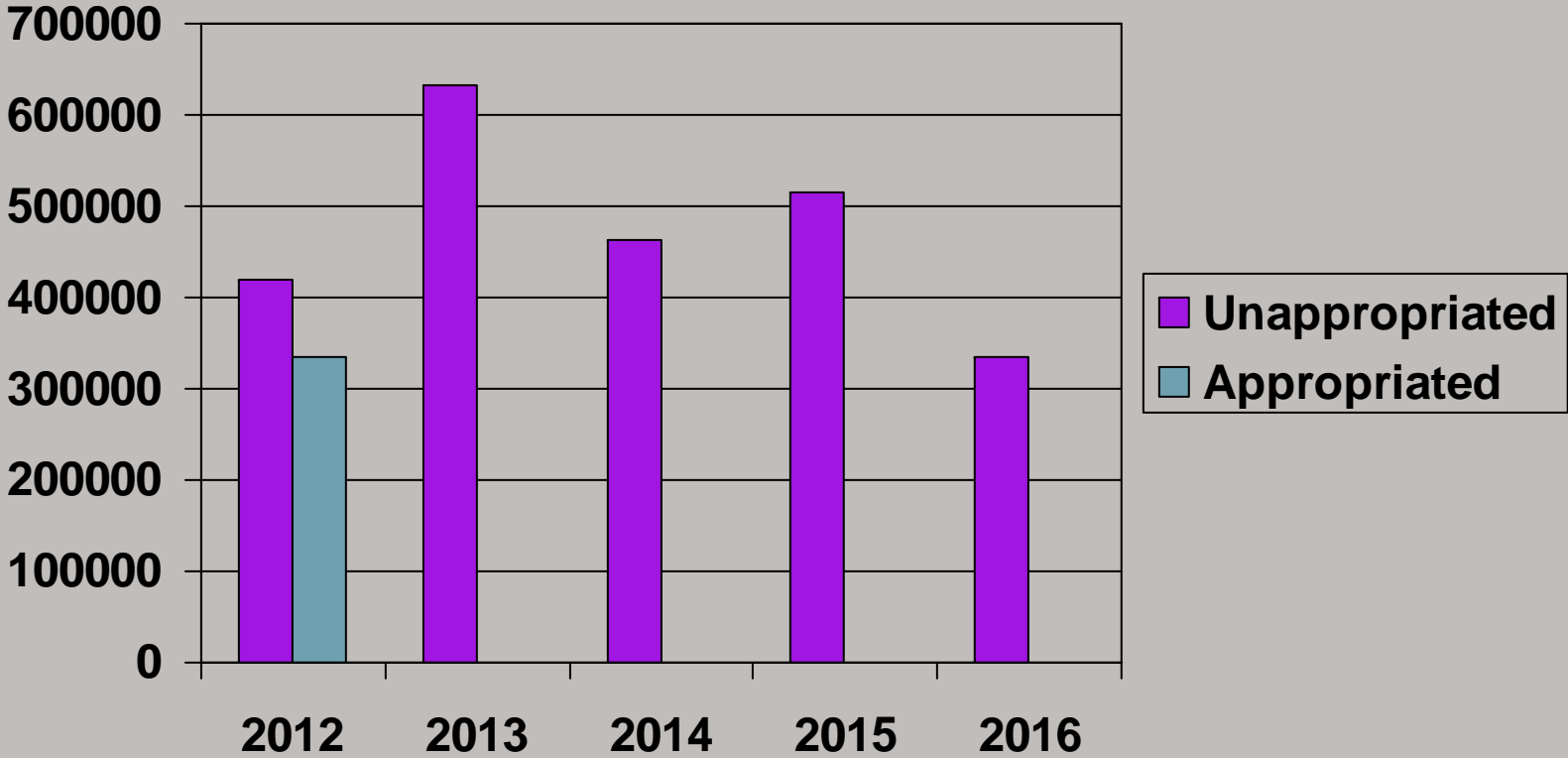


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- ✓ Sanitation Fund
 - ✓ Fund balance decreased \$179,000 in 2016
 - ✓ Mainly due to revenues below budgeted amounts
 - ✓ No reserves or appropriated fund balance
 - ✓ Unappropriated fund balance of \$336,000
 - ✓ 21% of subsequent year's budgeted expenditures
 - ✓ 30% in 2015
 - ✓ 25% in 2014
 - ✓ Sanitation charges \$323,000 under budget
 - ✓ Partially offset by expenses under budgeted amounts, but the main factor in trend of decreasing fund balance
 - ✓ Variance decreased by \$143,000 from 2015
 - ✓ Budgeted sanitation charges reduced by an additional \$152,000 in 2017 Budget
 - ✓ Need to get budgeted revenues in line with actual activity before annual variances deplete fund balance

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Sanitation Fund Balance



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Analysis of Fund Balances

July 31, 2016

Fund	Reserved/ Encumbered	Appropriated	Unassigned/ Unappropriated	% of subsequent year's budgeted expenditures	Prior year %
General	245,270	431,032	773,398	11%	19%
Water	19,825	0	279,928	18%	19%
Sewer	154,000	0	692,078	37%	34%
Sanitation	0	0	335,706	21%	30%

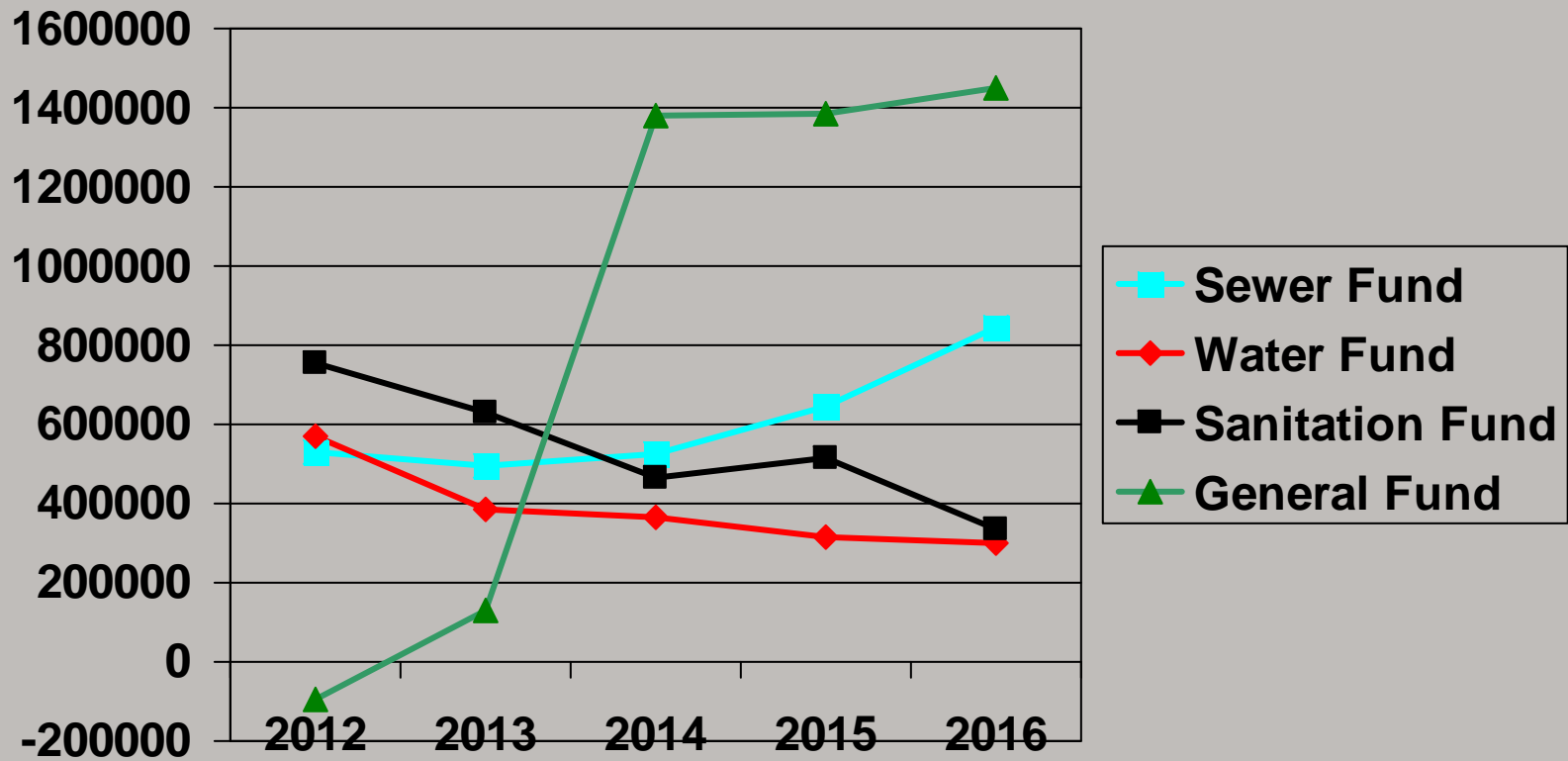
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Analysis of Activity

Fund	2016 Income/ (Loss)	2015 Income/ (Loss)	2014 Income/ (Loss)	2013 Income/ (Loss)
General	90,689	3,295	1,248,173	228,730
Water	(12,883)	(52,265)	(21,529)	(181,163)
Sewer	176,896	121,026	28,537	(31,540)
Sanitation	(178,829)	51,004	(168,264)	(121,691)

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Total Fund Balances



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- ✓ All funds have reasonable fund balances
- ✓ Continue to monitor budgets and fund balances closely
 - ✓ Be aware of trends in fund balances
 - ✓ Address increasing or decreasing fund balances early and gradually
 - ✓ Avoids need to make drastic adjustments to the budget and/or tax levy
 - ✓ Be conservative when budgeting
 - ✓ Make sure revenue amounts are realistic.
 - ✓ Over budgeting revenues will eventually result in deficits.
- ✓ Monitor property tax collections throughout the year
 - ✓ Large collections over past few years have resulted in increased General Fund balance
 - ✓ Inability to collect taxes could reverse those trends and cause sudden decreases in fund balance

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- ✓ Federal Single Audit
 - ✓ Tests of controls and compliance over wastewater treatment project activity
 - ✓ No significant deficiencies, material weaknesses or material non-compliance noted
 - ✓ Unmodified opinion on Federal Single Audit
 - ✓ All required reports filed with the federal government
- ✓ Exit Conference
 - ✓ Discussed all issues, both verbal and written
 - ✓ Discussed budgeting issues to address going forward
- ✓ Management Letter
 - ✓ Findings and recommendations
 - ✓ Many issues are the same as previous years
 - ✓ Minor issues discussed verbally with the Business Office
 - ✓ Management responses included in Letter

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- ✓ Upcoming GASB pronouncements
 - ✓ GASB 77 – Implementation date of 7/31/17
 - ✓ Tax abatement agreements (PILOTs) in effect
 - ✓ Total taxes abated as a result of the agreements
 - ✓ GASB 75 – Implementation date of 7/31/18
 - ✓ Changes the reporting requirements of GASB 45
 - ✓ Full retiree health insurance liability to be shown in the financial statements instead of amortizing in over 30 years
 - ✓ Full accrual statements only. No effect on governmental funds.
- ✓ Unmodified Opinion on Financial Statements
 - ✓ Financial statements fairly presented in accordance with Generally Accepted Accounting Principles (GAAP)