

June 10, 2020

To the Supervisor and Town
Board of the Town of Tuxedo
Tuxedo, NY

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tuxedo for the year ended December 31, 2019, and have issued our report thereon dated June 10, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 7, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Tuxedo are described in Note 1 to the financial statements. The Town has implemented the following new standards issued by the Governmental Accounting Standards Board (GASB) for the year ended December 31, 2019:

GASB 83 – Certain Asset Retirement Obligations

GASB 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

GASB 90 – Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates affecting the financial statements were related to fixed assets, post employment health insurance benefits and pension reporting.

Management's estimate of fixed assets is based on a capitalization threshold of \$500. Therefore, all fixed assets with a cost in excess of \$500 are capitalized in the statement of net position and depreciated in the statement of activities on a straight line basis over the estimated useful life of each asset.

The estimate of the Town's liability for post employment health insurance benefits was calculated by an actuary using various assumptions detailed in the Notes to the financial statements.

The estimates of the Town's various account balances related to pension reporting were calculated by an actuary using various assumptions detailed in Notes to the financial statements.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 1 – Disclosure of the Town's significant accounting policies, which includes the new accounting standards implemented for the year ended December 31, 2019, definitions of the equity classifications required by GASB 54, and the Town's relationship with the Tuxedo Farms Local Development Corporation.

Note 2 – Disclosure of overspent appropriations and/or negative fund balances.

Note 7 - Disclosure of the Town's outstanding liabilities.

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Note 9 - Information related to the Town's liability for post-employment health insurance benefits in accordance with GASB 75.

Note 10 - Disclosures related the Town's accounting treatment of pensions in accordance with GASB 68.

Note 13 – Disclosure related to the restated beginning fund balance in the General A Fund.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjusting journal entries attached to this correspondence summarizes the material misstatements detected as a result of our audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules, management’s discussion and analysis and other required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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Restrictions on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Cooper Arias, LLP". The signature is written in black ink and is positioned above a horizontal line.

Cooper Arias, LLP

Town of Tuxedo
Material Audit Adjustments
12/31/19

AJE #	Fund	Account Code	Debit	Credit	Comment
1	General A	A522/9010.8 - State Retirement Expense	58,400.25		To accrue per analysis
	General A	A637 - Due to Employees Retirement System		58,400.25	
2	General A	A200 - Cash	23,088.97		To reverse client payroll posting
	General A	A522/1010.100 - Town Board Personnel		1,082.92	
	General A	A522/1110.100 - Justice Personnel		5,808.85	
	General A	A522/1220.100 - Supervisor Personnel		4,564.35	
	General A	A522/1355.100 - Assessor Personnel		1,153.85	
	General A	A522/1410.100 - Town Clerk Personnel		2,784.21	
	General A	A522/3510.100 - Control of Dogs Personnel		306.92	
	General A	A522/5132.100 - Garage Personnel		3,552.04	
3	General A	A380 - Accounts Receivable	42,307.86		To record per search of subsequent transactions
	General A	A980/2610 - Fines and Forfeited Bail		39,470.00	
	General A	A980/1720 - Parking Lots and Garages		1,340.17	
	General A	A980/1603 - Vital Statistics Fees		270.00	
	General A	A980/2590 - Permits Other		625.00	
	General A	A980/2653 - Sale of Fuel		602.69	
4	General A	A440 - Due From Other Governments	29,966.77		To record per search of subsequent transactions
	General A	A980/3005 - Mortgage Tax	5,000.00		
	General A	A980/2653 - Sale of Fuel		34,966.77	
5	General A	A522/1330.432 - Tax Collector Postage	1,155.00		To record per search of subsequent transactions
	General A	A522/7550.401 - Celebrations, History	5,400.00		
	General A	A522/1440.425.1022 - Engineer Professional Parking Plan	1,376.00		
	General A	A522/8510.401 - Community Beautification/History	4,800.00		
	General A	A522/1440.425 - Engineer - Professional Services	708.00		
	General A	A522/1220.455 - Supervisor IT Services	610.96		
	General A	A522/1410.455 - Town Clerk IT Services	13.50		
	General A	A522/5010.455 - Supt of Highways IT Services	129.44		
	General A	A522/5132.455 - Garage IT Services	115.94		
6	General A	A522-1980.401 - MTA Commuter Tax	4,500.00		To adjust per analysis
	General A	A522-9055.80 - Disability Insurance	2,478.86		
	General A	A909 - Fund Balance	11,000.00		
	General A	A522-A9060.800- Hospital and Medical Insurance	22,711.61		
	General A	A630 - Due to Other Funds		40,690.47	
7	General B	B522/9010.800 - State Retirement	13,222.50		To accrue per analysis
	General B	B522/9015.800 - Fire and Police Retirement	198,962.25		
	General B	B637 - Due to Employees Retirement System		212,184.75	
8	General B	B0200 - Cash	56,597.75		To reverse client payroll posting
	General B	B522/3120.100 - Police Personnel		49,101.40	
	General B	B522/3620.100 - Safety Inspection Personnel		4,476.39	
	General B	B522/8020.100 - Planning Personnel		3,019.96	
9	General B	B522/9040.8 - Workers Compensation	25,000.00		To adjust per analysis
	General B	B630 - Due to Other Funds		25,000.00	
10	General B	B380 - Accounts Receivable	23,154.00		To record accounts receivable for coverage of Renaissance Fair
	General B	B980/B1520 - Police Fees		23,154.00	
11	Highway DA	DA522/9010.800 - State Retirement	17,630.25		To accrue per analysis
	Highway DA	DA637 - Due to Employees Retirement System		17,630.25	
12	Highway DA	DA0200 - Cash	18,502.28		To reverse client entry for payroll accrual
	Highway DA	DA522/5142.100 - Machinery Personnel		18,502.28	
13	Highway DA	DA522/5130.471 - Machinery Vehicle Expense	5,250.53		To record per search of subsequent transactions
	Highway DA	DA600 - Accounts Payable		5,250.53	

**Town of Tuxedo
Material Audit Adjustments
12/31/19**

14	Highway DA	DA391 - Due From Other Funds	10,000.00		To record per analysis
	Highway DA	DA522/9040.8 - Workers Compensation		10,000.00	
15	Highway DB	DB522/9010.800 - State Retirement	20,936.25		To accrue per analysis
	Highway DB	DB637 - Due to Employees Retirement System		20,936.25	
16	Highway DB	DB391 - Due From Other Funds	17,000.00		To adjust per analysis
	Highway DB	DB522/9040.8 - Workers Compensation		17,000.00	
17	Sewer	SS391	7,000.00		To adjust per analysis
	Sewer	SS522/9040.8 - Workers Compensation		7,000.00	
18	Trust and Agency	T0200 - Cash	33,765.75		To record DIT check # 32407
	Trust and Agency	T0020.200 - Health Insurance		33,765.75	
19	Trust and Agency	T0200 - Cash	8,400.00		To adjust per analysis of accounts
	Trust and Agency	T630 - Due From Other Fund	51,990.47		
	Trust and Agency	TA0019 - Disability Insurance		2,478.86	
	Trust and Agency	TA0030.200 Health Insurance		28,000.00	
	Trust and Agency	T-0010 - Consolidated Payroll		29,911.61	