

**County of Putnam, New York**  
**Report to the County Legislators**  
**December 31, 2018**

**KNOW  
GREATER  
VALUE**

**Nick DeSantis, Partner**  
**Alan Kassay, Partner**

July 24, 2019



## Audit Results – PKF O’Connor Davies Opinion on Financial Statements

- Fund Balance - General Fund Retrospective
- General Fund - Budget to Actual Summary
- General Fund - Budget to Actual - Revenues
- General Fund - Budget to Actual – Expenditures
- Other Governmental Funds

We have completed our audit of the 2018 financial statements of the County of Putnam in accordance with auditing standards generally accepted in the United States of America. The objective of our audit was to obtain reasonable assurance about whether these financial statements are free of material misstatement. As part of the scope of our work, we reviewed management's accounting estimates and the accounting treatment afforded to all significant accounting matters.

## ***Audit Scope***

Our audit approach was directed at the evaluation of all significant aspects of the County's operations to reduce audit risks to an acceptable level. Our primary focus was not on individual transactions and balances but on the financial statements we are opining on taken as a whole. We are satisfied that the scope of our audit was sufficient to enable us to express our opinion on these financial statements.

We have issued an unmodified (or clean) opinion relating to the County of Putnam as of December 31, 2018 and for the year then ended.

# Fund Balance – General Fund Retrospective

	Increase (Decrease) 2018 vs 2017	2018	2017	2016	2015
<i>Nonspendable:</i>					
Prepaid expenditures	\$ (57,474)	\$ 1,929,419	\$ 1,986,893	\$ 1,848,189	\$ 2,386,166
Long term receivables	-	2,000,000	2,000,000	2,000,000	2,000,000
	<u>(57,474)</u>	<u>3,929,419</u>	<u>3,986,893</u>	<u>3,848,189</u>	<u>4,386,166</u>
<i>Restricted:</i>					
Law Enforcement	47,752	406,107	358,355	349,983	279,859
Health	(1,225)	17,583	18,808	20,308	20,383
Driving while intoxicated program	13,793	52,563	38,770	33,586	47,725
Grants and obligations	(3,689)	1,427,547	1,431,236	1,466,612	1,494,287
	<u>56,631</u>	<u>1,903,800</u>	<u>1,847,169</u>	<u>1,870,489</u>	<u>1,842,254</u>
<i>Assigned</i>					
Purchases on order	(451,431)	576,411	1,027,842	1,332,822	1,097,851
Subsequent year's expenditures	(1,934,349)	2,742,651	4,677,000	6,038,802	7,760,000
Retirement	-	3,568,196	3,568,196	3,568,196	3,568,196
Future Capital projects	-	1,290,896	1,290,896	1,580,488	687,466
Tax stabilization	-	3,537,683	3,537,683	3,537,683	3,537,683
Insurance	-	4,000,000	4,000,000	2,000,000	-
	<u>(2,385,780)</u>	<u>15,715,837</u>	<u>18,101,617</u>	<u>18,057,991</u>	<u>16,651,196</u>
Unassigned	<u>6,131,717</u>	<u>21,977,572</u> *	<u>15,845,855</u>	<u>13,869,403</u>	<u>12,476,739</u>
Total Fund Balance	9% <u>\$ 3,745,094</u>	<u>\$ 43,526,628</u>	<u>\$ 39,781,534</u>	<u>\$ 37,646,072</u>	<u>\$ 35,356,355</u>

\* Represents approximately 16% of the 2019 Appropriations

# General Fund – Budget to Actual Summary

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues	\$ 133,652,883	\$ 141,083,498	\$ 138,120,976	\$ (2,962,522)
Total Expenditures	<u>139,247,725</u>	<u>143,848,959</u>	<u>131,557,781</u>	<u>12,291,178</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,594,842)	(2,765,461)	6,563,195	9,328,656
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(2,818,102)</u>	<u>(2,818,101)</u>	<u>1</u>
Net Change in Fund Balance	(5,704,842)	(5,583,563)	3,745,094	9,328,657
Fund Balance - Beginning of Year	<u>5,704,842</u>	<u>5,583,563</u>	<u>39,781,534</u>	<u>34,197,971</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,526,628</u></u>	<u><u>\$ 43,526,628</u></u>

# General Fund – Budget to Actual Revenues

REVENUES	Budget		Actual	Variance with Final Budget (Negative)	
	Original	Final			
Real Property Taxes	\$ 29,351,327	\$ 29,351,327	\$ 27,217,677	\$ (2,133,650)	1
Other Tax Items	5,229,200	4,882,889	4,877,949	(4,940)	2
Non-Property Taxes	59,633,608	64,294,550	64,525,488	230,938	3
Departmental Income	11,234,707	11,433,158	11,183,011	(250,147)	
Use of Money and Property	358,894	681,953	726,960	45,007	
Licenses and Permits	847,100	847,100	924,395	77,295	4
Fines and Forfeitures	173,500	173,500	218,697	45,197	
Sale of Property and Compensation for Loss	10,130	84,745	111,591	26,846	
State Aid	17,112,106	18,546,227	17,960,011	(586,216)	5
Federal Aid	8,738,596	9,734,937	8,874,448	(860,489)	6
Miscellaneous	963,715	1,053,112	1,500,749	447,637	
Transfers In	-	10,000	10,000	-	
<b>Total Revenues</b>	<b>\$ 133,652,883</b>	<b>\$ 141,093,498</b>	<b>\$ 138,130,976</b>	<b>\$ (2,962,522)</b>	

1 - Real Property Taxes - based on calculation of deferred taxes.

Property acquired for taxes increased \$3.1 million.

2 - Other Tax Items - Interest and penalties on real property taxes.

3 - Non-Property Taxes - Sales Tax, up \$4.5 million, 7.6%

4 - Licenses and Permits - up 15%

5 - State Aid - Overall up \$1 million,

6 - Federal Aid - Dept. of Social Services.

Overall Revenues increased by \$4.3 million, 3.2%.

Sales Tax and State Aid

# General Fund – Budget to Actual Expenditures

	Budget		Actual	Variance with Final Budget - Positive (Negative)	
	Original	Final			
<b>EXPENDITURES</b>					
Current:					
General Government Support	\$ 27,768,872	\$ 27,835,175	\$ 23,863,181	\$ 3,971,994	1
Education	10,708,306	11,353,932	11,030,625	323,307	
Public Safety	36,951,750	38,660,464	36,368,645	2,291,819	2
Health	13,317,585	13,722,613	12,878,133	844,480	
Transportation	1,372,276	1,372,276	1,360,871	11,405	
Economic Opportunity and Development	36,424,398	37,511,900	33,492,969	4,018,931	3
Culture and Recreation	5,627,092	6,264,814	5,916,734	348,080	
Home and Community Services	1,911,638	1,961,977	1,593,484	368,493	
Employee Benefits Undistributed	5,165,808	5,165,808	5,053,139	112,669	
Transfers Out	110,000	2,828,102	2,828,101	1	4
<b>Total Expenditures</b>	<b>139,357,725</b>	<b>146,677,061</b>	<b>134,385,882</b>	<b>12,291,179</b>	
Net Change in Fund Balance	(5,704,842)	(5,583,563)	3,745,094	9,328,657	
<b>FUND BALANCE</b>					
Beginning of Year	5,704,842	5,583,563	39,781,534	34,197,971	
End of Year	\$ -	\$ -	\$ 43,526,628	\$ 43,526,628	

1 - General Government Support - spread throughout functions.

Largest variances; Highway facilities - \$567,000, Contingency -\$1.5 million

2 - Public Safety - mostly in Sheriffs Dept., Jail and Emergency Services

3 - Economic Opportunity and Development - DSS programs

4 - Transfers Out - transferred to Capital Projects Fund, to reduce the need for additional borrowings, Serial Bonds, saving issuance costs and annual interest payments.

Overall Actual Expenditures increased by \$2.7 million, approx. 2%.

Total Positive Budgetary Variance of \$12.3 million.



# Other Governmental Funds

	Capital Projects Fund	County Road Fund	Road Machinery Funds	Transportation Fund	Special Purpose Fund	Debt Service Funds
<b>Revenues</b>	\$ 5,057,481	\$ 5,554,276	\$ 1,985,303	\$ 2,656,677	\$ 4,039	\$ 6,579,949
<b>Expenditures</b>	(8,732,562)	(5,770,460)	(2,065,525)	(2,473,297)	-	(6,668,132)
Other financing sources(uses)	4,947,546	(208,764)	77,500	10,765	-	49,663
Net Change in Fund Balance	1,272,465	(424,948)	(2,722)	194,145	4,039	(38,520)
Fund Balance - Beginning	4,752,884	1,581,191	327,549	670,693	585,645	280,987
Fund Balance - Ending	<u>\$ 6,025,349</u>	<u>\$ 1,156,243</u>	<u>\$ 324,827</u>	<u>\$ 864,838</u>	<u>\$ 589,684</u>	<u>\$ 242,467</u>

All Funds, have positive fund balances at year-end.

# Summary – Closing Points

Issued an **UNMODIFIED OPINION (CLEAN)**

*Received the **Certificate of Achievement in Financial Reporting**  
- 267 of the last 28 years*

Maintained **Aa2 Rating from Moody's** -  
*"Obligations judged to be of high quality and  
subject to very low credit risk".*

### **Tax Anticipation Notes**

*Last issued Tax Anticipation Notes in December 2015,  
Reduced need to borrow from \$17 million in 2013, to \$0 in 2015  
Saving annual interest expense by as much as \$157,000 per year,*

**Implemented Government Accounting Standards Board  
Statement No. 75 "Accounting and Financial Reporting for  
Postemployment Benefits Other Than Pensions ("OPEB")".**

**Issued Report to Those Charged With Governance** -  
*"Management Letter", No Material weaknesses  
noted.*

### **New GASB Pronouncements:**

GASB Statement No. 84 - Fiduciary Activities 2019

GASB Statement No. 87 - Leases 2020



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