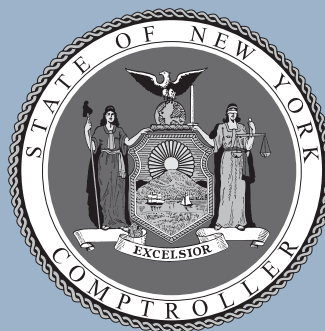




DIVISION OF  
LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

# INFORMATION

FOR TOWN OFFICIALS



Thomas P. DiNapoli  
State Comptroller



December 2011

Dear Town Official:

It is our pleasure to provide you with the 2011 edition of *Information for Town Officials*. This guide was prepared to help you comply with the various duties and responsibilities of your office, and to help you understand and strengthen your town's finances.

As you are aware, towns are responsible for a variety of important services including roadways, public safety, sanitation and recreation. They administer thousands of special districts throughout the state. Taxpayers expect all of these services to be delivered in a cost-effective fashion. Facing these challenges may seem daunting, especially to those of you who are newly elected. Our Office is happy to work with you to help you meet these challenges and fulfill your responsibilities.

In addition to this guide, we also publish Local Government Management Guides and Financial Toolboxes, issue advisory legal opinions and offer frequent training opportunities and other guidance. These materials can be accessed on our website at [www.osc.state.ny.us](http://www.osc.state.ny.us), where you can also find a calendar of upcoming training events in your area.

Sincerely,

Division of Local Government  
and School Accountability

# Table of Contents

## CHAPTER 1 - TOWN CLASSES, OFFICERS, AND DISTRICTS

Classification of Towns .....	7
Suburban Towns .....	8
Town Board.....	8
Meetings .....	9
Town Officers .....	9
Supervisor.....	11
Deputy Supervisor .....	11
Town Clerk .....	11
Town Justice .....	12
Superintendent of Highways.....	12
Assessor .....	12
Board of Assessment.....	12
Collecting Real Property Taxes.....	12
Town Director of Purchasing.....	13
Town Attorney .....	13
Town Comptroller .....	13
Other Offices.....	13
Boards and Special Districts.....	13
Fire Districts and Fire Protection Districts.....	14
Joint Fire Districts .....	14

## CHAPTER 2 - FISCAL RESPONSIBILITIES AND REQUIREMENTS

Supervisor as Fiscal Officer.....	15
Transition Into Office.....	17
Accounting Records.....	17
Safeguarding Records .....	19
Funds.....	19
Town Funds and Account Groups.....	19
Revenues and Investments .....	23
Types of Revenues and Sources.....	23
Investment of Idle Funds.....	23
Ingredients of an Investment Program.....	23
Program Procedures.....	25
Types of Investments.....	25
Disbursement Procedures .....	25
Paying Claims.....	26

Appropriation Control.....	26
Separate Appropriation Accounts.....	26
Amending the Budget .....	26
Unrestricted Fund Balance and Unanticipated Revenues .....	27
Transfers.....	27
Appropriations for Contingencies.....	28
Budget Notes .....	28
Appropriation Accounting.....	28
Payrolls .....	28
Preparation .....	28
Determining Proper Rate of Compensation .....	28
Approval of Payrolls.....	29
Civil Service Certification .....	29
Types of Payroll Deductions .....	29
Disbursing Payroll Amounts.....	29
Agency Fund.....	30
Employee Earnings Record .....	30
Allocation of Town Share of Payroll Taxes and Other Employee Benefit Expenditures.....	30
Bank Accounts.....	30
Deposits.....	31
Bank Reconciliation .....	31
Sample Bank Reconciliation .....	32
Interfund Advances .....	32
Service Charge for Dishonored Checks.....	32
Financial Reports.....	33
Reports of the Town Supervisor.....	33
Monthly Statement to the Town Board .....	33
Financial Reporting (GASB 34).....	33
Annual Financial Report to the State Comptroller.....	33
Background.....	34
Electronic Filing of Annual Reports .....	34
Real Property Tax Cap Filing with the State Comptroller.....	35
Annual Report of Receipts and Disbursements .....	35
Access to Financial Reports via Internet Website.....	35
Reporting Duties of the Town Comptroller .....	35
Reports to the Supervisor .....	35

### CHAPTER 3 - BUDGETS AND FINANCES

Fiscal Year .....	37
Definitions .....	37
Budgeting.....	37
Estimates .....	38
Tentative Budget.....	38
Preliminary Budget.....	38
Exemption Report .....	39

Part-Town Activities.....	39
Accounting for Sales and Use Tax Distributions from the County.....	40
Fire District Budgets.....	40
Interest Charges Against Districts.....	41
Public Hearing.....	41
Final Revision and Adoption of Budget.....	41
Tax Levy.....	42
Supplemental Appropriations.....	42
Transfers.....	42
Transfer of Appropriations.....	42
Encumbering Appropriations.....	43
Lapse of Appropriations.....	43
Compensation of Officers and Employees.....	43
Budget Calendar.....	44
Questions and Answers.....	45
Accounting.....	49
Duties of the Supervisor.....	49
Town Comptroller as Accounting Officer.....	49
Claims and Payments.....	50
Form of Claims.....	50
Audit of Claims by the Auditing Authority.....	51
Payments Not Requiring Pre-Audit.....	52
Payments Allowed Prior to Audit.....	52
Town Charges.....	52
Prohibited Expenditures.....	53
Advertising for Bids.....	53
Payrolls.....	53
Judgments.....	53
Annual Accounting by Town Officers and Employees.....	54
Responses to Municipal Audit Reports.....	54

**CHAPTER 4 – SERVICES AND PUBLICATIONS PROVIDED BY OSC’S DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY**

Audits.....	56
Research.....	57
Budget Reviews.....	57
Training.....	58
Intergovernmental Cooperation.....	58
Technical Assistance and Communications.....	58
Financial Data.....	59
Justice Court Fund.....	59
Electronic Filing.....	60
Industrial Development Agency (IDA) Annual Reporting.....	60

Publications Available from the Division of Local Government and School	
Accountability.....	60
Accounting .....	60
Local Government Management Guide .....	61
On-line Tutorials.....	63
Management Topics by Position .....	64
Local Government Financial Toolboxes .....	64
Statistical Publications .....	65
Research Reports .....	65

**CHAPTER 5 - EXHIBITS**

Exhibit A – Payroll Journal .....	68
Exhibit B – Payroll Distribution Form .....	69
Exhibit C – Employee Earnings Record.....	70
Exhibit D – Projected Cash Flow Statement.....	71
Exhibit E – Record of Investments.....	72
Exhibit F – List of Unpaid Obligations.....	73
Exhibit G – Claim Voucher.....	74
Exhibit H – Abstract .....	76

<b>OSC OFFICE DIRECTORIES .....</b>	<b>77</b>
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# Chapter 1

## Town Classes, Officers and Districts

Every New Yorker lives either in a city or a town. Some towns have within their boundaries one or more villages. Although a village is a separate municipal corporation, many town services are provided for the entire area of the town, including the village. Residents look to these governments for local services such as public safety, roadways, health, recreation and utilities.

In New York State there are 932 towns organized to provide government for those residents living outside the borders of cities. At one time, city governments were found in urban areas and town governments in rural areas. This is no longer entirely accurate. Clustered around our large- and medium-sized cities are heavily populated communities that are not a part of the city, but are an integral part of the town in which they are located. Thus, there are urban towns as well as rural towns. Some towns provide a wide range of municipal services while others provide just a few. The populations range from more than 750,000 in the largest town to just under 100 in the smallest.

### **Classification of Towns (Town Law, Section 10)**

There are two classes of towns in New York State – first and second.

Towns of the first class include:

- All those in Westchester County
- Those elsewhere having a population of 10,000 or more, except towns in Broome and Suffolk Counties; the Town of Potsdam, St. Lawrence County; and the Town of Ulster, Ulster County.

Towns of the second class include:

- All those in Broome and Suffolk Counties
- Town of Potsdam, St. Lawrence County
- Town of Ulster, Ulster County
- Those with fewer than 10,000, except for towns in Westchester County and all suburban towns.

A town of the second class, except as indicated above, becomes a town of the first class automatically upon a census disclosure that the town has a population of 10,000 or more (Town Law, Section 11(1)). Any one of three special sets of circumstances, however, makes it possible, either by action of the town board (subject to permissive referendum requirements) or by a proposition at the polls, to convert a town of the second class (except for the Town of Potsdam) into a town of the first class (Town Law, Section 12). These circumstances are:

- A population of 5,000 or more
- An assessed value of taxable real property in excess of \$10 million
- The fact that the town adjoins a city of 300,000 or more people.

The distinction between the two types of towns grew out of differences in the problems that had confronted urban and rural areas. More services may be required in towns in more populated areas. The government may need to be more complex and its structure will reflect the demands made upon it.

Today, however, as various statutory provisions have changed and all towns have home rule powers, there is little difference, in practice, between the powers and duties of the two classes of towns.

### **Suburban Towns**

A town may become a suburban town if it has a population of 25,000 or more, or, in certain cases, has a population of 7,500 or more and is located within 15 miles of a city with a population of at least 100,000. A suburban town has certain additional powers that are designed to help it provide needed services. For example, the supervisor may appoint a director of finance to perform some of the fiscal duties (Town Law, Section 52). Also, the town board may create departments and appoint individuals to head those departments.

A public hearing must be held if a town decides to become a suburban town. After the hearing, a resolution of the town board, subject to permissive referendum requirements, is all that is necessary for the town to become a suburban town. The resolution must provide that the town will become a town of the first class if it is not (Town Law, Section 50-a). For additional information, see Article 3-A of the Town Law.

## **Town Board**

The legislative authority of the town rests in the town board, which is the governing board of the town.

The town board, among other functions, generally fills vacancies in town offices, elective or appointive; may select a town attorney and a town engineer; appoints constables or police officers; and provides for the hiring of other employees as necessary for the conduct of the town's business (Town Law, Sections 20 and 64). Certain highway employees are hired by the highway superintendent, but within appropriations authorized by the town board (Highway Law, Section 140 (4)).

The town board adopts a budget, fixes the salaries of officers and employees, establishes rules of board procedure and designates the official newspaper of the town. Other functions are so numerous that only a sample can be given here. The town board may provide for the construction of drainage flood control facilities; provide for conning towers in order

to watch for forest fires to be built at the request of the Department of Environmental Conservation; buy and install traffic control equipment; provide for feeding deer; provide for certain public health services; establish a publicity fund; regulate certain dangerous conditions; sponsor band concerts; compromise or settle claims; call special town elections; license certain occupations; provide for town improvements; establish fire, fire alarm and fire protection districts; create improvement districts; and designate depositories for town moneys. The general powers of the town board are set forth primarily in Section 64 and other sections of the Town Law.

Most of the functions of the town board are set forth in the Town Law. However, some functions are set forth in other statutes such as the General Municipal Law, the Highway Law, the Education Law, the Agriculture and Markets Law, and the Not-for-Profit Corporation Law. In addition, town boards may adopt local laws pursuant to the home rule powers granted by Article 9 of the State Constitution and the Municipal Home Rule Law.

## **Meetings**

Certain budget and organizational meetings are required by law (Town Law, Sections 62, 106, and 109). In towns of the first class, the law provides that at least one meeting be held each month; we recommend this for all towns. The meetings must be held within the town at a location specified by resolution of the town board. In a town of the second class, there is no specific statutory requirement for the number of town board meetings that must be held. However, the law does provide for certain meetings and hearings, such as the hearing on the preliminary budget, an annual accounting day, and others. Beyond these requirements, a town board is generally free to establish, by resolution, a time, date and place for regular meetings (Town Law, Section 62; Public Officers Law, Article 7).

Occasionally there will be a need for a special meeting. The supervisor may call a special meeting, and must give at least two days notice in writing to members of the board as to the place and time of the meeting. When two members of the board other than the supervisor request a special meeting in writing, the supervisor must, within 10 days of the request, call a special meeting, giving at least two days notice in writing. The supervisor has no option in this matter (Town Law, Section 62).

## **Town Officers**

Town officers for first class and second class towns are listed on the following page. Note that a Town Board comprises the Supervisor and members of the Town Council.

## First Class

Supervisor (a)  
4 Council Members (b)  
Town Attorney (c)  
Town Clerk  
Town Superintendent of Highways (d)  
2 Town Justices (e)  
1 Assessor (c)  
Receiver of Taxes and Assessments  
Town Engineer (c)  
Police Officers (c)  
Director of Purchasing (c)  
Comptroller (c)

## Second Class

Supervisor (a)  
4 Council Members (b)  
Town Attorney (c)  
Town Clerk  
Town Superintendent of Highways (d)  
2 Town Justices (e)  
1 Assessor (c) (f)  
Tax Collector (g)  
Town Engineer (c)  
Police Officers or Constables (c)  
Director of Purchasing (c)  
Comptroller (c) (h)

- (a) The town supervisor serves as budget officer unless he/she appoints someone else (Town Law, Section 103 (2)).
- (b) A town may have fewer than four council members under certain circumstances. (Town Law, Sections 20 (1) (a), (b), 60-a, and 81 (2)(c)). In a first class town, the number of council members may be increased to six, subject to permissive referendum requirements (Town Law, Section 81 (2) (a)).
- (c) This office is generally appointive.
- (d) A town with an elective highway superintendent may abolish the office of highway superintendent by local law, subject to permissive referendum requirements, if the town has a contract in force and effect with another municipality for the municipality to provide highway, road and street maintenance and repair for a period of at least five years (Town Law, Section 20(1)(k)).
- (e) A town board may determine by resolution, subject to permissive referendum requirements, that the number of town justices shall be reduced (Town Law, Section 60-a). A town containing a population in excess of 50,000 may, subject to referendum, create the office of a third town justice. Those with a population of more than 75,000 may establish the offices of a third and/or fourth justice, subject to referendum (Town Law, Section 20 (1)(d)).
- (f) This may be an elected position. There may be up to three assessors in a second class town that has exercised an option contained in former Section 1556 of the Real Property Tax Law.
- (g) In a second class town, the town board may adopt a resolution abolishing the office of tax collector. If the board adopts the resolution, the duties of the tax collector will be performed by the town clerk (Town Law, Section 36).
- (h) In a second class town this position may exist only if the population is over 40,000 (Town Law, Section 20 (3)(b)).

Note: Not all the listed offices are mandatory and additional offices may exist in individual towns.

## Supervisor

The town supervisor fills a significant role, serving in several major capacities, including:

- **Presiding Officer (Chairperson)** – The supervisor is the presiding officer at meetings of the town board (Town Law, Section 63).
- **Town Legislator (Town Board Member)** – The supervisor votes on matters before the town board as do all the other board members (Town Law, Section 63).
- **Town Executive and Administrator** – After town board decisions have been made, it is the supervisor who often carries out the decisions. The supervisor usually receives the majority of complaints and suggestions of citizens, as well.
- **Town Fiscal Officer** – The supervisor is the treasurer of the town and generally represents the town in the conduct of its financial affairs. Chapter 2 of this publication discusses many aspects of this very important role (Town Law, Section 29).
- **Representative of the Town (County Board Member)** – The office of supervisor may be a county as well as a town post. Depending on the type of county government, a town supervisor may serve on the county board as a representative of the town (County Law, Section 150). There are two basic types of organizational structures for counties: a separately elected legislature or a board of supervisors. For a county with a board of supervisors, the supervisors elected from the several cities and towns in the county constitute the board. These supervisors may serve on county board committees and receive compensation as members of the county board of supervisors (County Law, Section 200). Currently, 17 counties operate under the board of supervisors structure, while the remaining 40 counties outside of New York City operate under the legislative structure.

## Deputy Supervisor

A town board may decide to establish the office of deputy supervisor. If it does, that official is appointed by the supervisor or by the town board if the supervisor fails to do so within five days after the establishment of the office, or within five days after a vacancy occurs in the office. Any person, including a town officer or employee, may be appointed deputy supervisor. If a town officer or employee is appointed deputy supervisor, that person may receive extra pay. The deputy supervisor does not sit on the county board and has no vote on the town board unless the deputy is also a town board member and entitled to a vote by virtue of that office (Town Law, Section 42).

## Town Clerk

The town clerk is also clerk of the town board but has no vote. The clerk is in charge of most town records, issues certain licenses and permits, files reports with county and State agencies as required, is involved with election administration, posts legal notices, and is, in many ways, a pivot around which the town operates (Town Law, Section 30).

## **Town Justice**

Town justices have jurisdiction in criminal and civil matters, and in special proceedings as conferred by law (Town Law, Section 31; Uniform Justice Court Act). OSC provides a separate publication for Town Justices entitled *Handbook for Town and Village Justices and Court Clerks*. The handbook, which provides guidance on the reporting and handling of fines, is available online at [www.osc.state.ny.us/localgov/pubs/jch.pdf](http://www.osc.state.ny.us/localgov/pubs/jch.pdf).

## **Superintendent of Highways**

The town superintendent of highways is primarily responsible for the maintenance and repair of town highways and bridges, and the removal of obstructions caused by brush and snow. The Superintendent generally has the power to hire, subject to appropriations established by the town board, and direct highway department employees for those purposes. The salary and expenses of the superintendent and the deputy (if any) and certain other administrative expenses are paid from the general fund. Other highway expenses are generally paid from the highway fund (Highway Law, Section 141; Town Law, Section 32).

## **Assessor**

The assessor or board of assessors is charged with the responsibility of assessing real property in the town for purposes of taxation.

## **Board of Assessment**

A board of assessment review hears complaints of property owners on grievance day and may make adjustments to assessments. The board of assessment review consists of at least three but not more than five members appointed by the town board. The majority of the members cannot be officers and employees of the town. The town assessor may not serve as a board of assessment review member (Real Property Tax Law, Sections 102 (3), (4), and 523).

## **Collecting Real Property Taxes**

The responsibility for collecting town, county and special district taxes may be performed by either a tax collector or a receiver of taxes and assessments, depending on a town's classification and structure. The taxes collected are turned over to the proper agencies. School taxes are ordinarily levied separately, using a duplicate copy of the assessment roll provided for the school board. A receiver in a town of the first class generally collects school taxes unless there has been an agreement with the school board to the contrary.

Town Law spells out the general powers and duties of town officials responsible for collecting taxes (Town Law, Sections 35, 36, and 37). In towns of the second class, the office of tax collector or receiver may be abolished by a resolution of the town board. If these offices are abolished, the duties of tax collection must then be performed by the town clerk.

## **Town Director of Purchasing**

Any town, by resolution, may establish the office of director of purchasing. Centralizing the purchasing function in the office of director of purchasing can promote sound purchasing practices by concentrating knowledge of purchasing laws, practices and market conditions in one official. In addition, creation of this position segregates the purchasing function from other components of the purchasing process, such as the receiving and audit functions, thereby improving internal control (Town Law, Sections 20(3)(e), and 41-b).

## **Town Attorney**

Any town may establish the office of town attorney, appoint an individual to serve in that position and fix the salary for that position. The individual serving as town attorney is a town officer. Towns that have established the office and appointed a town attorney may also contract with other attorneys or law firms to provide assistance to the town attorney for specific purposes. Towns that have not established the office of town attorney may contract with an outside attorney or law firm to provide professional services and advice (Town Law, Section 20(2)).

## **Town Comptroller**

The town board of any town of the first class, or any town of the second class with a population over 40,000 according to the latest federal census or state enumeration, may adopt a resolution establishing the office of town comptroller and appoint an individual to serve in that position (Town Law, Section 20(3)(b)). Generally, when a comptroller has been appointed, that individual takes over certain duties that otherwise would be the responsibility of the town board and town clerk. These duties include auditing, allowing or rejecting claims; preparing abstracts; and filing claims and other related functions. The duties of a town comptroller also include auditing the books and records of town officers and employees who received or disbursed moneys during the fiscal year (Town Law, Section 34). The town board may also take action to confer certain other duties upon the town comptroller, such as being the accounting officer for the town.

## **Other Offices**

There are numerous other appointive town offices, including engineer, constable, police officer and dog control officer.

## **Boards And Special Districts**

Population density, public health and safety concerns, community needs or other circumstances may call for special services to be provided in only certain parts of a town. Town Law authorizes the creation of special districts or improvement areas to provide certain improvements and services to certain parts of a town. Numerous types of special districts may be created to provide services such as water, sewer, drainage, park, ambulance, public parking, lighting, sidewalk, snow removal, refuse and garbage.

The approval of the State Comptroller is generally required if the cost of the establishment or extension of a special district will be financed by debt and the cost of the district or extension to the “typical property” is above the average estimated cost threshold annually computed by the State Comptroller for similar types of districts. The State Comptroller must determine whether the public interest will be served by the establishment or extension of the district and whether the costs will be an undue burden upon the properties benefited.

The affairs of special districts are generally governed by the town board, but in some instances may be handled by a separately elected board of commissioners. Special districts are funded by assessments upon the property owners who benefit from the services, as well as by user charges (see Town Law, Articles 12, 12-A, 13, and 15).

## **Fire Districts and Fire Protection Districts**

Fighting and preventing the hazards of fire is a public safety concern in every town. Generally, there are two types of districts that may be established for this purpose: a fire district or a fire protection district. A fire district is a political subdivision of the State for most purposes: a separate governmental entity with an elected board of fire commissioners and other appropriate officials. The board of fire commissioners prepares the annual fire district budget, determines the amount of real property taxes to be levied, and manages the affairs of the district.

In general, a fire protection district is an area of a town for which the town board enters into a contract for fire protection with another municipality, a fire district, or a fire company. The town board levies the taxes in an amount sufficient to pay the consideration under the contract.

### **Joint Fire Districts**

The governing boards of towns and villages are authorized to establish joint fire districts by resolution, after a public hearing and subject to permissive referendum requirements. Article 11-A of the Town Law provides uniform procedures for extending, financing and operating joint fire districts. These procedures apply to existing districts formed under the provisions of Chapter 595, Laws of 1938, as well as new districts. The provisions of Article 11 of the Town Law, as they relate to the operation of fire districts, are applicable to joint fire districts, to the extent not inconsistent with the provisions of Article 11-A.

# Chapter 2

## Fiscal Responsibilities and Requirements

### Supervisor as Fiscal Officer

One of the most important duties of the town supervisor is that of fiscal officer. The supervisor's significant fiscal functions and duties include:

1. Acting as the treasurer and collecting, receiving and having custody of all moneys belonging to or due the town (Town Law, Section 29(1)). Exceptions in which another official is responsible for town moneys include a public general hospital that has a separate treasurer (General Municipal Law, Sections 126, 126-a, and 128), an improvement district that has a separate treasurer (Town Law, Article 13), and a fire district (Town Law, Article 11).
2. Acting as treasurer and having custody of all moneys received from taxes or other public sources for a town public library and expending library moneys only under the direction of the library trustees on properly authenticated vouchers (Education Law, Section 259(1)). Exception: library trustees may designate a separate library treasurer to be custodian of moneys given or bequeathed to the library and moneys received from taxes and other public sources (Education Law, Section 259(1)).
3. Depositing and securing, within 10 days after receipt, all moneys in the official town bank account in the manner prescribed by General Municipal Law, Section 10 (Town Law, Section 29(2)). However, we recommend daily deposits if material amounts have been received.
4. Temporarily investing idle town moneys, when authorized by the town board, in the manner prescribed by the board in accordance with the town's investment policy (General Municipal Law, Sections 11 and 39).
5. Paying moneys on warrant of the town clerk or the town comptroller after audit and allowance of claims by the town board or town comptroller (Town Law, Section 125(1)). Exceptions include payment of fixed salaries, principal and interest on indebtedness, regular or stated compensation of officers and employees, and amounts becoming due upon lawful contracts exceeding one year (Town Law, Sections 29(7), and 125(1)). The supervisor may make payments in advance of audit for public utility services, postage, freight and express charges (Town Law, Section 118(2)) if authorized by the town board. See Disbursement Procedures later in this chapter for more information on audit and approval of claims.
6. Disbursing moneys only by check (Town Law, Section 29 (3)). Exceptions include petty cash payments (Town Law, Section 64 (1-a)) and electronic or wire transfers (General Municipal Law, Section 5-a).

7. Keeping an accurate and complete account of all moneys received and disbursed in accordance with the accounting system prescribed by the State Comptroller, and filing the records with the town clerk upon expiration of the term of office (Town Law, Section 29 (4)).
- \*8. Keeping a separate account for every appropriation, allowing no appropriation account to be overdrawn at any time, and allowing no fund or appropriation account to be drawn upon to pay a claim chargeable to another (Town Law, Section 125 (1)).
- \*9. Encumbering appropriation accounts at the close of the fiscal year from lists of unpaid obligations filed by heads of administrative units, as well as encumbering appropriation accounts during the year if required by the town board (Town Law, Section 110).
- \*10. Providing to the town board at the end of each month a detailed statement of all moneys received and disbursed during the month, as well as filing a copy with the town clerk (Town Law, Section 125 (2)). Other types of financial reports, such as comparisons of budget estimates with actual transactions, investment activities and other financial data, could also be submitted periodically to the town board and other management personnel.
11. Accounting to the town board on or before January 20 for all moneys received and disbursed during the preceding year, and filing a statement at the same time with the town board of all receipts and disbursements for the preceding year. This requirement does not apply where a certified public accountant or a public accountant has been hired prior to January 20 to make an audit to be completed within 60 days after the close of the fiscal year, nor in a town which has a town comptroller (Town Law, Section 123).
- \*12. Preparing and filing an annual financial report with the State Comptroller after the close of the fiscal year, on forms furnished by OSC. The reports are to be filed within 60 days for towns with populations under 5,000, 90 days for towns with populations from 5,000 to 19,999, or 120 days for towns with populations of 20,000 or more, unless an extension is granted. The State Comptroller encourages electronic filing in lieu of paper forms. Note that it is the incumbent's duty to file this report (General Municipal Law, Section 30).
- \*13. Preparing and filing with the town clerk an annual financial report for all funds and accounts within 30 days after the end of each fiscal year, and providing a certified copy of the report to the official newspaper for publication (Town Law, Section 29(10)). The supervisor may also be required to submit to the board, at the time of filing, all records required to substantiate the accuracy and completeness

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\* These duties will not be the responsibility of the supervisor if the town board, by resolution, has designated the town comptroller as accounting officer (Town Law, Section 124).

of the report. Exception: in lieu of this report, the town board may authorize the supervisor to submit to the town clerk a copy of the town's annual financial report to the State Comptroller that is required by General Municipal Law, Section 30. The town clerk then must provide to the official newspaper either a summary of the report or a notice that a copy of the report is on file in the town clerk's office and is available for public inspection (Town Law, Section 29 (10-a)).

14. Acting as budget officer unless the supervisor appoints an individual who must be an elector of the town and may be any town officer or employee, except a member of the town board (Town Law, Sections 23 and 103 (2)).
15. Prosecuting, in the name of the town, for all moneys or property due the town (Town Law, Section 29(8)).
16. Leasing, selling and conveying town property as authorized by law (Town Law, Section 29(11)).
17. Issuing junk dealers' licenses and collecting fees (General Business Law, Section 60).

### **Transition Into Office**

Before taking on the duties of the office, every town supervisor must take the constitutional oath of office and execute an official undertaking (surety bond). The oath must be filed in the office of the town clerk (Town Law, Section 25; Public Officer's Law, Section 10). Section 25 of the Town Law further provides that each supervisor shall file an official undertaking in the town clerk's office. In lieu of individual undertakings, the town board may authorize a blanket undertaking covering all appropriate officers (Public Officers Law, Section 11).

After the supervisor has filed his or her oath of office and official undertaking, financial responsibility as supervisor begins. The departing supervisor must turn over all town funds in his or her possession (Public Officers Law, Section 80; Town Law, Section 29 (4)); he or she no longer has any authority to receive or disburse town moneys.

## **Accounting Records**

Towns generally are required to account for their financial transactions in accordance with Generally Accepted Accounting Principles (GAAP). The State Comptroller is responsible for prescribing the systems of accounts utilized by all local governments. OSC's *Accounting and Reporting Manual* identifies the various funds and accounts used by all towns. It also identifies the measurement focus and basis of accounting for each particular fund. (See the section entitled Town Funds and Account Groups later in this chapter for more accounting information.)

OSC staff conduct many training sessions each year. Two of the most popular sessions are the basic and advanced accounting schools. We encourage all supervisors, comptrollers

and other accounting personnel to attend these sessions. For the schedule of these schools, check the OSC website at [www.osc.state.ny.us/localgov/training/index.htm](http://www.osc.state.ny.us/localgov/training/index.htm).

In setting up accounting records, the current supervisor may be able to use the former supervisor's records as a reference. Those records must be filed with the town clerk and include:

- General Journals – All Funds
- General Ledgers – All Funds
- Cash Receipt Records – All Funds
- Cash Disbursement Records – All Funds
- Revenue Ledgers – All Funds
- Expenditure Ledgers – All Governmental Funds
- Expense Ledgers – All Proprietary Funds
- Payroll Records
- Canceled Checks, Checkbooks and Bank Statements

In towns with a population under 5,000, the incumbent supervisor has 60 days to prepare the annual financial report for filing with the State Comptroller after the close of the fiscal year (General Municipal Law, Section 30 (5)).

In towns with a population from 5,000 to 19,999, the incumbent supervisor has 90 days to prepare the annual financial report for filing with the State Comptroller after the close of the fiscal year (General Municipal Law, Section 30 (5)).

In towns with a population of 20,000 or more, the incumbent supervisor has 120 days to prepare the annual financial report for filing with the State Comptroller after the close of the fiscal year (General Municipal Law, Section 30 (5)).

In towns with populations under 20,000, the supervisor should contact OSC within the applicable filing period if an extension of time is needed for completing the financial report; there is no option for a time extension for towns with populations of 20,000 or more. OSC staff is also available to provide assistance if the supervisor needs advice in preparing the report. The departing supervisor should turn over the *Accounting and Reporting Manual* as well as all other publications from OSC.

A copy of the budget, which is on file in the town clerk's office, is needed to set up appropriations and estimated revenue accounts in the subsidiary revenue and expenditure (or expense) ledgers. The following list of applicable items will also be needed to support the various accounts from the previous fiscal years:

**Accounts**

Encumbrances  
 Accounts Payable  
 Accounts Receivable  
 Water and Sewer Rents

**List of Applicable Items Needed**

Unfilled purchase orders and other commitments  
 Unpaid bills from vendors and other sources  
 Uncollected customer billings  
 Uncollected customer billings

**Safeguarding Records**

The law requires that town records must be adequately protected (Arts and Cultural Affairs Law, Article 57-A). There are definite retention periods for specific records. These requirements may create a space problem that could be solved by destroying obsolete records, but you must first obtain the permission of the State Education Commissioner (Arts and Cultural Affairs Law, Article 57-A). Forms may be obtained by contacting the State Education Department.

The State Education Commissioner is authorized to issue local government records retention and disposition schedules which establish minimum legal retention periods. These retention schedules allow for disposing of records that have been retained beyond the periods set forth in the schedules. The law also allows records to be reproduced by microphotography or other means, with the original records to then be disposed of, even if they have not met the prescribed minimum legal retention periods, provided that the process for reproduction and provisions for preserving and examining the copies meet requirements established by the State Education Commissioner (Arts and Cultural Affairs Law, Section 57.29).

It is important to note that paid bonds and notes of the town are canceled and destroyed pursuant to Chapter 55 of the Regulations of the State Comptroller (2 NYCRR 55).

**Funds**

In government, moneys generated for specific purposes generally must be segregated in the accounting records and used only for those specific purposes. To ensure that such moneys are used for the intended purposes, towns and all other local governments are required to use the fund accounting concepts specified in GAAP.

The technical definition of a fund is “a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations” (State Finance Law, Section 2 (8)). A fund is “self-balancing” since it has its own assets, liabilities and fund balance.

**Town Funds and Account Groups**

A town should use only those funds necessary to record its financial transactions. As a rule, the funds listed on the following page are used by towns in New York State.

FUNDS AND ACCOUNT GROUPS	CODE
<b>Governmental Funds:</b>	
General - Townwide .....	A
Special Revenue Funds:	
General - Outside Village .....	B
Miscellaneous Special Revenue .....	C
Special Grant.....	CD
Highway - Townwide.....	DA
Highway - Outside Village .....	DB
Water*.....	FX
Sewer* .....	G
Public Library.....	L
Special Districts* .....	S
Permanent Funds .....	P
Debt Service .....	V
Capital Projects .....	H
<b>Proprietary Funds:</b>	
Enterprise.....	E
Internal Service .....	M
Self Insurance .....	MS
<b>Fiduciary Funds (formerly Trust and Agency):</b>	
Agency .....	TA
Private Purpose Trust Funds .....	TE
<b>Supplementary Accounts:</b>	
Non-Current Governmental Assets .....	K
(formerly General Fixed Assets)	
Non-Current Governmental Liabilities.....	W
(formerly General Long-Term Debt)	

\* May be accounted for in an enterprise fund. See explanation of enterprise funds below.

**A – General - Townwide.** This fund is the principal fund of the town and includes all receipts, disbursements and other transactions not required to be recorded in other funds. Fees and expenses of town justices, the town clerk and tax collector, and salary and expenses of the highway superintendent and other highway administrative personnel are examples of the transactions recorded in this fund.

**B – General - Outside Village.** This fund is used by a town with one or more incorporated villages to account for activities (such as zoning and planning) that are required by statute to be a charge on the area of town outside of the villages.

**C – Miscellaneous Special Revenue.** This fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose. This category would include funds established when the State Comptroller has granted an exclusion from the constitutional debt limit for self-liquidating bonds or bond anticipation notes for revenue producing improvements pursuant to Local Finance Law, Section 123.00. This category would also include those funds established to benefit the town that were formerly classified as expendable trust funds. Each miscellaneous special revenue fund must be titled descriptively (e.g., “Golf Course Fund”) and shall include all financial transactions pertaining to the applicable activity.

**CD – Special Grant.** This fund is used by each town receiving State and federal aid from Community Development Block Grants, the Workforce Investment Act or the Section 8 Rental Assistance Program. The accounting basis is the same as the general fund, including the use of budgetary accounts. However, the original authorization does not lapse since it is based on an application approved by local officials and the federal government. Expenditures for capital purposes are coded (Capital Outlay) in this fund.

**DA – Highway - Townwide.** This fund is used to account for revenues and expenditures for highway purposes for those items financed by the entire town.

**DB – Highway - Outside Village.** This fund is used to account for revenues and expenditures for highway purposes for those items financed by the area of the town outside the incorporated village(s). This fund is not used if the town has no villages.

**FX – Water.** This fund is used by a town which provides a water improvement as a town function (Town Law, Sections 57 and 209-q).

**G – Sewer.** This fund is established by a town which provides a sewer improvement as a town function (Town Law, Sections 57 and 209-q). If sewer rents are not imposed, use the general fund to account for sewer operations.

**L – Public Library.** This fund is used only if a town has established a town public library and the library trustees do not request in writing that the moneys be turned over to the separate library treasurer. Contractual payments to other libraries are made from the general fund.

**S – Special Districts.** A separate fund is used to account for revenues and expenditures relating to the operation of each special district within the town. These funds include fire protection districts but not fire districts. Taxes levied and collected for fire districts are recorded in the general fund as a liability to other governments.

**P – Permanent Fund.** This fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

**V – Debt Service.** This fund is used to account for the payment of interest and principal on serial bonds, statutory installment bonds and capital notes incurred in connection with all funds except internal service funds and enterprise funds. Debt service funds are not required unless the segregation of resources is necessary or legally mandated (e.g., General Municipal Law, Section 6-l).

**H – Capital Projects.** This fund is used to account for capital improvements including the acquisition or construction of capital facilities and other capital assets financed by bonds, bond anticipation notes and capital notes, State and federal aid, special assessments, and moneys transferred from other operating funds. Use of a capital fund identifies the expenditures as capital and continues a capital appropriation beyond the end of the fiscal year. A separate fund must be maintained for each capital project.

**E – Enterprise.** This fund may be used to account for any activity for which a fee is charged to external users for goods and services, and must be used when required by State statute

or regulation. Also, in accordance with GAAP, activities must be reported as enterprise funds if one or more of the following criteria is met:

- Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover the activity's costs, including capital costs (such as depreciation or debt service). Generally, the focus of these criteria is on fees charged to external users, such as water or sewer rents, and whether the town board has decided that enterprise fund accounting is appropriate for the activity. For these activities, the town board should expressly indicate its intent by board action, or by establishing rates on a cost of service basis, rather than on a resource flow basis or by some arbitrary method.
- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. In New York, this criterion would apply to industrial development agencies and public authorities that have the legal authority to issue revenue-backed bonds. Generally, towns and other local governments, which issue general obligation bonds and notes, do not have this type of authority.

If none of these criteria is met, the activity should be accounted for in the appropriate governmental fund. For most towns, the use of enterprise funds would be required only for hospitals and electric utilities. For other activities, the town board would need to determine that enterprise fund accounting is appropriate for the particular activity.

**M – Internal Service.** This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the town, or to other governmental units, on a cost-reimbursement basis.

**MS – Self Insurance.** This fund will be used when the town has established a self insurance program on an actuarial basis similar to an insurance enterprise. This fund will be a proprietary fund using the total economic resources measurement focus and the accrual basis of accounting.

**TA – Agency.** These funds are used to account for assets held by the town in a custodial capacity as agent for individuals, private organizations and other governmental units.

**TE – Private Purpose Trusts.** These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds have limited applicability for towns in New York.

**K – Non-Current Governmental Assets (formerly General Fixed Assets).** These accounts do not constitute a fund but are a supplementary self-balancing group of accounts used to record capital assets, except those that must be accounted for elsewhere. This information is reported as supplemental information in your report to the State Comptroller.

**W – Non-Current Governmental Liabilities (formerly General Long-Term Debt).** These accounts do not constitute a fund but are a supplementary self-balancing group of accounts provided for the purpose of recording information on long-term obligations that have been issued by the town and are not recorded in the liability accounts of other funds. This information is reported as supplemental information in your report to the State Comptroller.

## Revenues and Investments

A supervisor receives revenue from several different sources. An acceptable receipt form must be issued for moneys received if there is no other evidence satisfactory for audit (General Municipal Law, Section 99-b). The supervisor must also maintain a separate subsidiary account for each category of revenue.

### Types of Revenues and Sources

The table on the following page lists some of the more common types of revenues, their sources and when they are generally received.

### Investment of Idle Funds

Cash not needed for current payments should not remain idle in a non-interest-bearing bank account. Failure to invest idle cash is as imprudent as paying an excessive price for a commodity or entering into a contract for unneeded services. A town must have an investment policy and the policy must be reviewed annually, at which time the town can assess whether the policy should be amended (General Municipal Law, Section 39).

### Ingredients of an Investment Program

A program for investment of public funds should have four basic ingredients: legality, safety, liquidity and yield. The laws governing the investment of public funds are written to take into consideration safety and liquidity. The statutes are explicit as to the kind of investments that may be made and the manner of securing the investments. The fourth ingredient, yield, is a function of the length of time moneys are available for investment and the type of investment selected.

OSC's *Local Government Management Guide – Investing and Protecting Public Funds* provides guidance to local officials in depositing and investing town moneys. You should study this guide before the town embarks on an investment program. All investments must be made in accordance with State statutes and the policy adopted by the town board. The primary concern should be the safety of town funds.

**REVENUE****WHEN RECEIVED****From the State**

General Purpose State Aid (Payment is made in one check and may be used townwide, town outside village, or any combination)	September
Navigation Law Enforcement	Upon receipt and processing of reimbursement request from town (estimate submitted October 1; actual submitted by January 31)
Justice Court Fund	Monthly for courts that file electronically and participate in the invoice billing procedure; quarterly for those not participating in the invoice billing procedure
Consolidated Highway Aid (Capital Improvement)	June, September, November and March – upon receipt and processing of reimbursement request from the town
Suburban Highway Improvement Program	When processing of town claim is completed by the State

**From the County Treasurer**

Mortgage Tax	June, December
Sales Tax Distribution (if town shares in tax and receives cash from county treasurer)	At least quarterly
Snow and Ice Contract Payments (if town contracts with county for snow removal on county roads within the town)	Depends on contract provisions

**From Town Officers or Employees**

<u>Town Clerk</u> Fees for Licenses and Permits (Conservation, Dog, Marriage, etc.)	By the 15th of each month
<u>Tax Collector or Receiver of Taxes</u> Town Real Property Taxes and Penalties	See "Reports to the Supervisor" at the end of this chapter
<u>Usually Town Clerk or Receiver of Taxes</u> Sewer Rents and Penalties Water Rents and Penalties Special Assessments Other Fees and Charges Payable to the Town	See "Reports to the Supervisor" at the end of this chapter

## Program Procedures

The initial step in the process is to forecast and project the cash that will be available for investment. In other words, how much money will be on hand and not needed for expenditure at various times during the year? To make a comprehensive determination, it is necessary to project the flow of cash in and out of the various funds and to analyze bank statements covering an extended period of time to establish the normal high-low trends in cash balances. The pattern of receipts and payments can be obtained from the accounting records. Cash balances at the end of each month can also be determined. A cash flow chart should be prepared for each fund so that a complete investment program can be initiated. Please refer to Chapter 5, Exhibit D for a sample cash flow forecast.

## Types of Investments

The provisions of General Municipal Law, Section 11, generally govern local government investment options in New York. Local governments are only permitted to invest in the following:

- Obligations of the United States
- Obligations of federal agencies if guaranteed by the federal government
- Obligations of New York State
- Special time deposit accounts in banks or trust companies located and authorized to do business in New York State
- Certificates of deposit issued by banks or trust companies located and authorized to do business in New York State
- Reserve funds invested in obligations of the town; special district reserves invested in obligations issued for purposes of that district
- Tax anticipation notes and revenue anticipation notes of another municipality, district corporation or school district. These investments are subject to the prior approval of the State Comptroller. The necessary application forms and general instructions must be obtained from OSC's Division of Local Government and School Accountability.

The town supervisor is required to maintain a record of investments. The record must identify the investment, the fund for which the investment is held, the place where the investment is kept, and the date of sale or other disposition and the amount realized from the investment (General Municipal Law, Section 11(7)). Please refer to Chapter 5, Exhibit E for a sample record of investments. Investments must also comply with statutory security and custodial requirements (General Municipal Law, Sections 10 and 11).

## Disbursement Procedures

Disbursements of town moneys generally must be made by checks signed by the supervisor (Town Law, Section 29(3)). There are some exceptions such as disbursements from petty cash funds (Town Law, Section 64(1-a)) and electronic or wire transfers (General Municipal Law, Section 5-a).

Disbursements must be supported by documentation, such as claims, payrolls, contracts or canceled bonds and notes.

### **Paying Claims**

A claim is generally defined as a bill, account or demand against the town for the payment of moneys due for services rendered or materials furnished. The words “claim” and “voucher” are often used interchangeably and sometimes together as in “claim voucher.”

Town Law (Sections 118 and 119) generally governs the audit of claims and the issuance of warrants or abstracts. These provisions provide that, with certain exceptions, no claim may be paid unless it is audited and approved by the auditing authority. The auditing authority in a town is the town board, or the town comptroller in towns that have created the office. Certain payments may be made without the normal audit process and other payments may be made prior to audit and approval. For more information on the audit and approval process, see the Claims and Payments section in Chapter 3.

After claims have been audited and approved for payment, the town clerk or town comptroller prepares an “Abstract of Audited Claims.” The abstract also contains a warrant or order directing the supervisor to pay the amounts allowed upon the claim. A copy of the abstract may serve as a subsidiary cash record. If the abstract is used as a subsidiary cash record, the supervisor should record the check numbers on the abstract and record the total of the abstract in the cash disbursement record, with each fund charged its proper share of the total expended. The supervisor is also required to record the amount charged to each appropriation account (Town Law, Sections 119(1) and 125) in the subsidiary expenditure ledgers.

## **Appropriation Control**

### **Separate Appropriation Accounts**

A separate account must be maintained for each appropriation. The supervisor may not permit any appropriation to be overdrawn nor use a fund or appropriation to pay a claim chargeable to another fund or appropriation (Town Law, Section 125).

### **Amending the Budget**

No matter how well a budget is planned, unforeseen events may arise which require amending the budget. There are several procedures to accomplish this. The town board by resolution may make additional appropriations or increase existing appropriations by transferring from the unexpended balances of existing appropriations, transferring from the appropriation for contingencies, appropriating unrestricted fund balance and/or unanticipated revenues, or by borrowing pursuant to the Local Finance Law (Town Law, Section 112 (1)).

In addition, certain specific new revenues not initially included in the budget may be appropriated by resolution of the town board at any time (Town Law, Section 112 (3)).

These specific revenues are limited to the following:

- Grants-in-aid from the State and federal governments
- Gifts which must be expended for particular objects or purposes
- Certain insurance recoveries when proposed to be used for the purpose for which the insurance was maintained.

Each budget amendment should be recorded in the applicable accounting records.

### Unrestricted Fund Balance and Unanticipated Revenues

The question often arises as to when unrestricted fund balance or unanticipated revenue may be used to increase existing appropriations or make supplemental appropriations. Unrestricted fund balance generally represents the portion of fund equity from the previous fiscal year that has not been utilized as a financing source for the current budget. Unanticipated revenues generally represent those additional revenues received in excess of budget estimates (other than grants-in-aid, gifts and insurance recoveries discussed above). These sources may be used only to the extent that all revenues recognized or reasonably expected to be recognized in the current fiscal year, together with the actual unrestricted fund balance, exceed the total of all revenues and appropriated fund balance estimated in the budget (Town Law, Section 112(1)).

The following illustrates the formula for determining availability to make increased or supplemental appropriations. Amounts shown under “budget estimate” would include any amendments by the town board to date:

	Budget <u>Estimate</u>	<u>Actual</u>	<u>Difference</u>
Revenue	\$50,000	*\$49,000	(\$1,000)
Fund Balance, Unrestricted	<u>7,000</u>	<u>10,000</u>	<u>3,000</u>
	<u>\$57,000</u>	<u>\$59,000</u>	<u>\$2,000**</u>

\*Includes revenue reasonably expected by year-end.

\*\*The \$2,000 is available for supplemental appropriation.

For another illustration, see Question 18 in Chapter 3.

### Transfers

The town board may appropriate unexpended and unencumbered balances of appropriations per Section 112(1) of the Town Law. These are commonly called transfers between appropriations. An existing appropriation may be increased or a new appropriation created by the simultaneous decrease of another appropriation. In certain instances, transfers may be made between funds (see Town Law, Section 113).

## **Appropriations for Contingencies**

The general fund budget may contain an appropriation for contingencies of up to 10% of all appropriations excluding debt service, judgments, special district purposes, certain highway purposes and part-town purposes (Town Law, Section 107 (2)). Expenses may not be charged directly to the appropriation for the contingency account. Amounts appropriated from the contingency account are to be transferred to a particular appropriation account from which expenditures are then charged.

## **Budget Notes**

A town may issue budget notes to finance new or increased appropriations. With certain exceptions, the issuance of budget notes is ordinarily limited to 5% of the annual budget (Local Finance Law, Section 29.00).

## **Appropriation Accounting**

Many local governments use a purchase order system to record encumbrances so that the availability of appropriation balances may be determined prior to the incurring of a liability by department heads or authorized subordinates. It is both a general legal requirement (Town Law, Section 117) and good management practice to determine appropriation balances, whether or not you use such a system.

# **Payrolls**

## **Preparation**

The importance of preparing payrolls cannot be overemphasized. The time spent in preparing payrolls and companion records will be more than justified when the annual financial report is prepared and when other reports are made.

All officers and employees, whether they work full- or part-time, should be paid from payrolls. When compensation is not paid from payrolls, required deductions may be easily overlooked, or if deductions are made, they may be forgotten when remittances are made.

## **Determining Proper Rate of Compensation**

The first step in preparing a payroll is to determine the rate of compensation. Section 27 of the Town Law states that the town board shall fix the salaries of all town officers and employees and the schedule for when those salaries are to be paid. Salaries may be fixed either by board resolution or through collective bargaining agreement with unionized employees. This information should appear in the minutes of the town board. Please refer to Compensation of Officers and Employees in Chapter 3 for the procedure to increase salaries.

In towns that pay on a semimonthly basis, gross pay for a salaried employee will be 1/24 of the annual salary. The gross pay of an hourly employee will be the hourly rate multiplied by the number of hours worked. Overtime should be shown separately at the overtime rate.

## **Approval of Payrolls**

Town officials having direct supervision over employees must certify or, if required by board resolution, verify that services indicated on the payrolls were actually performed (Town Law, Section 120). The appropriation accounts to be charged should also be shown. In the sample payroll (see Chapter 5, Exhibit A), the applicable department head or other town official having direct supervision over the employees to be paid would provide specific information about each employee and complete at least the information pertaining to days worked, pay rate and gross earnings for the pay period. Other town personnel may be responsible for ensuring that the required deductions and withholdings are made and transmitted to the proper parties. A separate payroll sheet may be used for each department and the totals summarized by funds on a payroll distribution form to facilitate posting to each applicable expenditure account.

## **Civil Service Certification**

The required certification of the Civil Service Department or the local municipal commission having jurisdiction, where required, must appear on the payroll at various times during the year. The certification must, among other things, state that the persons named on the payroll are employed in their respective positions in accordance with law and rules made pursuant to law (Civil Service Law, Section 100). Questions concerning this requirement should be directed to:

New York State Department of Civil Service  
Municipal Service Division  
Alfred E. Smith State Office Building  
Albany, New York 12239  
Telephone: (518) 457-9553  
Website: [www.cs.state.ny.us/hr/local\\_hrp.cfm](http://www.cs.state.ny.us/hr/local_hrp.cfm)

Town officials should contact their local civil service agency to find out the requirements for reporting personnel transactions.

## **Types of Payroll Deductions**

A supervisor has no authority to make payroll deductions unless specifically authorized by law (State or federal) or by collective bargaining agreement. In some instances, there must be a resolution of the town board, and often, the written authorization of the employee before a deduction may be made (General Municipal Law, Sections 92-a, 93, 93-b, and 93-c).

## **Disbursing Payroll Amounts**

The next step in the payroll procedure is drawing checks payable to the individuals listed on the payroll and, in certain cases, disbursing amounts withheld. Some towns, when authorized by a resolution of the town board, contract with a designated bank or trust company to use a direct deposit function where paychecks are not written to each employee, but net pay amounts are deposited directly to an authorized bank account in the name of the employee (Town Law, Section 29 (3); Banking Law, Section 96-b). Whatever method used, the supervisor should ensure that disbursements for net pay and withholding amounts agree with the approved payroll records. Payroll amounts should always be posted to the

appropriation ledgers in gross. Each check number or direct deposit notation should be indicated on the payroll.

The manner of disbursing withholdings varies. Certain items must be remitted immediately and a separate check is drawn to each party or organization due the amounts. Other deductions, held for future transmittal, must be safeguarded until paid. The agency fund is used for this purpose.

### **Agency Fund**

A separate general ledger account must be maintained for each type of payroll withholding transferred to the agency fund. It is often a good idea to maintain a separate bank account for the agency fund. Although we generally recommend keeping the number of bank accounts to a minimum, maintaining a separate bank account provides a means of physically segregating these moneys, helps preclude their use for unauthorized purposes, and serves to guarantee their availability when needed.

### **Employee Earnings Record**

An individual earnings record should be maintained for each employee. (See Chapter 5, Exhibit C for a sample.) This form may be used in preparing payrolls and for payroll reports. This record should be posted each payroll period and reconciled at least quarterly with agency fund balances.

### **Allocation of Town Share of Payroll Taxes and Other Employee Benefit Expenditures**

Each fund should be charged its fair share of the cost of payroll taxes and other employee benefit expenditures. The town share of these expenditures should be charged to the same fund or funds as the salaries or wages of the applicable employees. The town share may be transferred to the agency fund or may be remitted directly to the applicable agency.

## **Bank Accounts**

The number of bank accounts should be kept at a minimum. Except for special bank accounts required by statute (e.g., most proceeds of obligations for capital projects and other purposes) or by terms of specific trusts, all town moneys may be kept in a single bank account. Even though having a single bank account is generally the ideal situation for moneys not required to be deposited in separate accounts, it is permissible to maintain more than one bank account. Many towns do in fact keep the following accounts:

- General Fund Bank Account
- Highway Fund(s) Bank Account
- Special District Bank Account
- Payroll Bank Account
- Agency Bank Account.

## Deposits

The supervisor must deposit and secure town moneys within 10 days after receipt (Town Law, Section 29 (2)). This is a minimum requirement. Deposits should be made more frequently as warranted. The town board is required to designate one or more depositories of public funds, which must be banks or trust companies, located and authorized to do business in New York State. It should be noted that not all bank institutions are classified as a “bank” or “trust company” as defined by the State Banking Law and, consequently, deposits may not be made in a savings bank, credit union or savings and loan association. In addition, all public deposits in excess of the amounts insured under the provisions of the Federal Deposit Insurance Act must be secured in accordance with General Municipal Law, Section 10.

## Bank Reconciliation

A bank reconciliation is a schedule showing and explaining the differences between the bank records of your cash accounts and your own records. Cash accounts in the accounting records should indicate how much money your town should have. Bank accounts indicate how much money your town actually has. These two amounts should always agree. Book and bank balances should be reconciled monthly as outlined in the following steps:

1. Begin reconciliation (see sample below) by recording the book balances from your records and the bank balance(s) shown on your monthly statement.
2. Arrange paid checks in numerical sequence or ensure that check images agree with your disbursement records.
3. Compare paid checks or check images with the list of checks outstanding at the end of the previous month.
4. Prepare a list of checks that have not cleared the bank.
5. Complete the reconciliation. Should the balances differ, follow steps 6 to 9.
6. Determine any charges or credits on the bank statements that have not been entered in the accounting records. A general journal entry may be needed to reflect this activity.
7. Trace deposits from the cash receipts journal to the bank statements. List any deposits not credited by the bank.
8. Compare paid checks with checks issued during the month.
9. If the balances do not agree, start the process from step 1 again.

A sample bank reconciliation is shown on the following page.

## Sample Bank Reconciliation

### Book Balances:

General Fund	\$3,694.33	
Water District	927.78	
Sewer District	<u>763.84</u>	
Book Balances 1/31/xx	\$5,385.95	
Less: Bank charges not entered on books (such as returned check)	<u>(38.65)</u>	
Adjusted Book Balance		<u>\$5,347.30</u>
Bank Balances 1/31/xx	\$5,535.80	
Plus: Deposits not credited by bank (entered by bank 2/1/xx)	<u>78.58</u>	
	\$5,614.38	
Less: Outstanding Checks		
#463 \$ 51.34		
#489 68.19		
#501 147.55	<u>(267.08)</u>	
Net Bank Balance 1/31/xx		<u>\$5,347.30</u>

## Interfund Advances

Towns are authorized to make temporary cash advances of moneys from one fund to another (General Municipal Law, Section 9-a). The law provides that a cash advance under this section should be authorized in the same manner as a budgetary transfer between appropriations (by the town board) and that suitable records of each advance must be kept. Any cash advance must be repaid as soon as moneys are available but not later than the close of the fiscal year in which the advance is made. When a transfer is made between funds supported by different tax or assessment bases, the repayment of the advance must include an amount reasonably estimated to be the additional amount that would have been earned on the investment of the moneys in the fund making the advance had the advance not been made. Finally, because certain specific revenues are earmarked to be used only for particular purposes, Section 9-a prohibits advances of the proceeds of obligations or other moneys which are otherwise required by law to be used only for stated purposes.

## Service Charge For Dishonored Checks

The town board, by resolution, may impose a service charge to be added to any account owed to the town after a check or other written order tendered as payment has been dishonored (General Municipal Law, Section 85). Whenever the account is for a tax, special ad valorem levy or special assessment, the service charge must be included on whatever list of delinquent accounts is prepared for the enforcement of the lien. The service charge must be collected in the same manner prescribed by law for the collection of the account for which the check was tendered, and the municipal corporation may require future payments to be tendered in cash or by certified or cashier's check. The board, by resolution, may determine the amount of the service charge; however, the maximum amount of the charge may not exceed the maximum charge for dishonored checks provided for in General Obligations Law, Section 5-328 (currently \$20).

## Financial Reports

### Reports of the Town Supervisor

The supervisor is generally required to prepare the following financial reports:

- Monthly Statement to the town board
- Annual Financial Report to the State Comptroller
- Annual Report of Receipts and Disbursements to the town board
- Consolidated Highway Improvement Program (CHIPS) Report to the Department of Transportation.

### Monthly Statement to the Town Board

At the end of each month, a detailed statement of all moneys received and disbursed must be made to the town board and a copy must be filed with the town clerk (Town Law, Section 125(2)). Other reports could also be submitted monthly, such as comparisons of budget estimates with actual transactions, an analysis of investment activity, or a capital project status report.

### Financial Reporting (GASB 34)

The Governmental Accounting Standards Board (GASB) Statement 34 requires that local governments issue both “government-wide statements” and “fund-level statements” in order to comply with GAAP and to receive an unqualified (“clean”) opinion if town financial statements are audited by an independent public accountant. The government-wide financial statements should show all town activities combined as one entity, utilizing the total economic resources measurement focus and accrual basis of accounting. The fund-level financial statements are intended to show town activities in separate funds, using the measurement focus and basis of accounting applicable to those funds, but with reporting focused on major funds. OSC believes that the use of GASB Statement 34 accounting standards results in improved financial reporting for the town. However, we realize that implementation involves additional resources and associated costs, which may not be justifiable. Consequently, while we have encouraged all local governments to implement the provisions of GASB Statement 34, full implementation is not required to meet the requirements of General Municipal Law. Annual financial reporting to OSC is accomplished by local governments filing forms that report information at the fund level, and does not require all of the financial statements necessary to conform to GAAP. OSC will continue the policy of fund-level reporting.

### Annual Financial Report to the State Comptroller

The supervisor of each town in New York State is required to prepare and file an annual financial report, also known as the Annual Update Document (AUD), with the Office of the State Comptroller. Towns with a population under 5,000 have 60 days to file their AUD; however, a 60-day extension may be granted upon a timely written request. An explanation of the reason(s) for the extension request must be provided.

Towns with a population from 5,000 to 19,999 have 90 days to file their AUD, although an additional 30-day filing extension may be granted by OSC if a written request is received from the chief fiscal officer before the original 90-day filing period expires.

Towns with a population of 20,000 or more have 120 days to file their AUD, with no provision for extension.

Preparing and filing the annual report is the duty of the supervisor in office at the time the annual report must be filed. Refusal or willful neglect to file the AUD is a misdemeanor.

## **Background**

The AUD provides important information to the many groups and individuals who need reliable data about local government finances. For example:

- Management needs financial information for planning purposes and to ensure and demonstrate compliance with restrictions on the use of resources.
- Legislative and oversight bodies need financial information to make informed decisions on the allocation of scarce resources and to monitor management's compliance with budgetary and other legal restrictions.
- Investors, lenders and credit rating agencies need financial information to determine creditworthiness of local governments and compliance with finance-related legal and contractual requirements.
- Academia and research groups need data for analysis of local government issues.
- Citizens need financial information to evaluate the financial stewardship of their elected representatives and to provide a basis for their own informed participation in the budgetary process.

In addition to developing ways to speed the data collection process, the State Comptroller is committed to making the financial information in the reports more meaningful, timely and user friendly.

## **Electronic Filing of Annual Reports**

Nearly 97 percent of towns file their AUD electronically, and all are encouraged to do so. The electronic process is easier and faster than on paper, and the software provides such features as running totals, embedded edits, convenient code lookups and a data merge. The AUD may be certified electronically by using a Personal Identification Number (PIN) instead of a hard copy signature. The PIN is sent to the fiscal officer of each local government as part of the annual AUD mailing.

OSC is committed to providing services, such as the electronic filing of annual reports, that are needed by local governments. Feedback from local governments is vital. Both positive and negative feedback are important. If you have comments or questions about electronic filing, please call (518) 474-4014 or the OSC regional office serving your county.

## **Real Property Tax Cap Filing with the State Comptroller**

The State Legislature and the Governor recently enacted legislation that establishes a “property tax cap” on the amount that a local government’s or school district’s property tax levy can increase each year. Chapter 97 of the Laws of 2011 (Part A-Property Tax Cap) establishes a tax levy limit that affects all local governments, most school districts in New York State, except New York City, and a host of other independent taxing entities such as library, fire and water districts. The law is effective for local fiscal years beginning in 2012 and for the 2012-13 school year. More information about this is available on our website at: [www.osc.state.ny.us/localgov/realprop/index.htm](http://www.osc.state.ny.us/localgov/realprop/index.htm)

## **Annual Report of Receipts and Disbursements**

The supervisor is also generally required to prepare and file an annual financial report with the town clerk within 30 days after the expiration of each fiscal year. A certified copy of the report must be published in the town’s official newspaper (Town Law, Section 29 (10)). Alternatively, the town board may authorize the supervisor to file a copy of the annual financial report to the State Comptroller with the town clerk within the time period prescribed by Section 30 of the General Municipal Law; however, if the time period for filing has been extended by the State Comptroller, then the time frame for filing the report with the town clerk shall similarly be extended. The town clerk is then required to provide for publication to the official newspaper a summary of the report, or a notice that a copy of the report is on file in the town clerk’s office and available for public inspection and copying (Town Law, Section 29(10-a)).

## **Access to Financial Reports via Internet Website**

GML Section 30(7) provides that, to the extent practicable, each municipal corporation (including towns) must make accessible to the public via its official internet website (assuming the municipal corporation has an official website) documentation pertaining to its most recent annual financial reports, current year budget, most recent independent audit report, and most recent fiscal performance plan or multiyear financial plan required pursuant to the State Finance Law Section 54(10)(g), unless the information is covered by Public Officers Law Section 87(2), which is part of the Freedom of Information Law (FOIL) and indicates those records or portions of records to which access may be denied under FOIL.

## **Reporting Duties of the Town Comptroller**

The town board may determine that the town comptroller should be the accounting officer of the town. When this is the case, the accounting duties and the duties in connection with the previously mentioned reports are transferred from the supervisor to the comptroller (Town Law, Section 124).

## **Reports to the Supervisor**

Generally, all fees and moneys received by a town officer or employee are the property of the town and must be paid to the supervisor by the 15th of the month following the month in which they were received. Moneys transmitted must be accompanied by a verified statement of moneys received. If the monthly statement and payment are not made, the supervisor is required to withhold the salary of the officer or employee until a report of any moneys paid is submitted (Town Law, Section 27 (1)).

The provisions of this law do not affect:

- A receiver of taxes who deposits money directly to the credit of the supervisor (Town Law, Section 27 (1)).
- Town justices, who are required to report all fees and moneys received to the State Comptroller within the first 10 days of the month following collection for determination of the proper distribution of such moneys to various local governments and the State (Town Law, Section 27 (1)).
- A tax collector in a town of the second class, who must pay to the supervisor all tax moneys collected, at least weekly (Town Law, Section 35 (1)).

Within one week from the expiration of the tax warrant, the town tax collecting officer must pay to the supervisor and all other persons specified in the warrant all moneys received, unless otherwise provided by law (Real Property Tax Law, Section 940 (1)).

# Chapter 3

## Budgets and Finances

In this chapter, all references are to the Town Law unless otherwise specified. Also, all dates in parentheses are for towns in Westchester and Monroe Counties only.

### Fiscal Year (Section 101)

The fiscal year of all towns begins on January 1 and ends on December 31.

### Definitions (Section 103)

The following are definitions for use in this section:

- *Administrative Unit* means an office, department, division, bureau, board, commission, district, or other agency of town government, but does not include a fire district.
- *Budget Officer* means the supervisor or the person appointed to that office by the supervisor. An appointee serves at the pleasure of the supervisor. No town board member may be appointed to be budget officer.
- *Capital Project* means any physical public betterment or improvement, or related studies, surveys and plans; land or rights in land; any furnishings, machinery, apparatus or equipment for any physical public betterment or improvement when such betterment or improvement is first constructed or acquired; or any combination of these.
- *Unappropriated Unreserved Fund Balance*<sup>1</sup> means the difference between the total assets for a fund and the total liabilities, deferred revenues, encumbered appropriations, amounts appropriated for the ensuing fiscal year's budget, and amounts reserved for stated purposes determined through application of the system of accounts prescribed by the State Comptroller.

### Budgeting

Legislation enacted at the request of the State Comptroller gives towns more flexibility in managing their fiscal affairs. Chapter 528 of the Laws of 2000 allows carrying over a “reasonable amount” of unappropriated unreserved fund balance from one year to the next. Chapter 528 allows funding increases or supplemental appropriations from unappropriated unreserved fund balance or unanticipated revenues, if the total of all revenues recognized or reasonably expected to be recognized in the current fiscal year, together with unappropriated unreserved fund balance, exceeds the total of all revenues and appropriated fund balance estimated in the budget. Chapter 528 also allows towns to expend moneys from a contingency and tax stabilization reserve fund to reduce projected real property tax increases in excess of 2.5 percent (previously 5 percent), subject to certain limitations.

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<sup>1</sup> GASB Statement No. 54 eliminates the unappropriated unreserved fund balance terminology from fund level financial statements. See OSC's accounting bulletin *Fund Balance Reporting and Governmental Fund Type Definitions* for a discussion on the fund balance classifications at [www.OSC.state.ny.us/localgov/pubs/releases/gasb54.pdf](http://www.OSC.state.ny.us/localgov/pubs/releases/gasb54.pdf)

## **Estimates (Section 104)**

The budget officer prescribes the forms for the submission of estimates of revenues and expenditures for administrative units. The State Comptroller recommends that budget estimate forms be distributed on or before September 1 (October 1). Estimates must be submitted to the budget officer on or before September 20 (October 20). If the head of an administrative unit fails to submit the required estimates by that date, the budget officer prepares the estimates for that unit.

## **Tentative Budget (Sections 106 and 107)**

The budget officer reviews the estimates submitted by each administrative unit and may require the head of any unit to furnish additional information and to answer pertinent inquiries. The budget officer then prepares the tentative budget with his or her recommendations. The tentative budget must contain the same information required in the preliminary budget (see below).

The budget officer may attach a budget message explaining the main features of the tentative budget and include any additional information deemed advisable. The tentative budget, the budget message (if any), and the estimates and schedules must be filed in the town clerk's office on or before September 30 (October 30).

The town clerk is required to present the tentative budget to the town board at a regular or special meeting held on or before October 5 (November 10). The town board may contact the budget officer and the head of any administrative unit to discuss the tentative budget and the estimates as originally submitted.

The head of any administrative unit may request in writing to be permitted to explain the unit's estimates to the town board.

The board reviews the tentative budget and may make any changes, alterations and revisions which are consistent with law. Upon completion of the review, the tentative budget with modifications, if any, becomes the preliminary budget and must be filed in the town clerk's office. The town clerk reproduces as many copies for public distribution as the town board directs.

## **Preliminary Budget (Section 107)**

The preliminary budget must be in the form prescribed by the State Comptroller and show, by fund, the following:

- Proposed appropriations and estimated revenues
- Estimated fund balances, including:
  - A breakdown of fund balances estimated for encumbrances
  - Amounts appropriated for the ensuing fiscal year's budget
  - Amounts reserved for stated purposes pursuant to law, including reserve funds established pursuant to the General Municipal Law
  - The remaining estimated unappropriated unreserved fund balance for each fund, provided that the balance shall not exceed a reasonable amount, consistent with prudent budgeting practices

- Taxes to be levied
- Salaries of elected officials
- Any other information prescribed by the State Comptroller.

The budget may contain an appropriation for contingencies in both townwide and town – outside village funds. Refer to Appropriations for Contingencies in Chapter 2 for limitations.

Amounts to be raised for highway purposes must be within the limitations of Section 271 of the Highway Law.

The preliminary budget must include any other data that the town board may require.

### **Exemption Report**

Pursuant to Real Property Tax Law Section 495, the town official required to prepare the tentative or preliminary budget (e.g, the budget officer) must annex to the budget an exemption report. This report must show how much of the total assessed value on the final assessment roll or rolls used in that budgetary process is exempt from taxation and must be on a form prescribed by the State Office of Real Property Tax Services (ORPTS). The report must list every type of exemption granted and show the cumulative impact of each type of exemption expressed either as a dollar amount or a percentage of total assessed value on the roll, the cumulative impact of all exemptions, and the cumulative amount expected to be received from recipients of each type of exemption as payments in lieu of taxes (PILOTs) or other payments for municipal services. Notice of the report must be included in any notice of the preparation of the budget otherwise required by law (e.g., the notice of hearing on the preliminary budget), as well as posted on any bulletin board maintained by the town and any website maintained by the town. Under section 495, the report becomes part of the final budget. ORPTS's sample report form is available on its website at <http://www.tax.ny.gov/forms/orpts/exemption.htm>.

### **Part-Town Activities**

For towns that contain one or more villages, certain activities are financed by revenues raised in the portion of the town outside the villages. The town board has little discretion to determine whether or not certain other transactions are budgeted and accounted for as part-town activities. Generally, all real property taxes raised for town purposes must be levied on the whole area of the town, including the real property located in villages situated within the town, unless there is a State statute that requires or permits any given expenditure to be raised from taxes levied on only the unincorporated area of the town. These activities are often referred to as part-town activities or outside village activities. General part-town activities should be budgeted and accounted for in the General – Outside Village fund (B); highway part-town activities should be budgeted and accounted for in the Highway – Outside Village fund (DB).

Revenues and expenditures for certain general activities must be budgeted and accounted for in the General – Outside Village fund (B). For example,

- Code Enforcement and Building Inspection      Town Law, Section 138
- Zoning and Planning      Town Law, Section 261
- Planning Boards, Officers and Employees      Town Law, Section 272

Revenues and expenditures for the following highway activities must be budgeted and accounted for in the Highway – Outside Village fund (DB):

- Repair and Improvement of Highways      Highway Law, Section 277

### **Accounting for Sales and Use Tax Distributions from the County**

Counties are authorized to voluntarily share some of their sales and use tax collections with certain local governments (Tax Law, Section 1262). Generally, there are two ways a county may share these revenues with towns. One is by applying the moneys first to reduce county real property taxes in the towns, and the other is by making cash distributions. When a county uses moneys to reduce county real property taxes, the towns have no transactions to record. When the county makes distributions in cash to towns, the towns must budget and account for the transactions.

If a town has one or more incorporated villages, each village can elect to receive a share of the cash amount allocated to the town. When a town and all villages within the town elect to receive cash directly from the county, the reduced amount received by the town must first be used for “part-town activities.” These “part-town activities” include transactions required to be budgeted and accounted for in the General – Outside Village fund (B) and the Highway – Outside Village fund (DB). Eligible part-town activities for this purpose excludes special districts, except a fire protection district that encompasses the entire area of the town outside the villages. As a result, sales and use tax distributions from the county could be allocated to the Fire Protection District fund (SF).

If a town has one or more villages, and the town and all the villages within the town elect cash, and if the amount distributed to the town is sufficient to reduce all the part-town real property tax levies to zero (B, DB and possibly SF), Tax Law, Section 1262, authorizes the town to use the excess amounts to reduce general town taxes, to reduce county real property taxes on the area of the town outside the villages for other “part-town activities,” or any combination of these. The proper allocation of sales and use taxes distributed by the county can be difficult to understand at times. If town officials have questions about the allocation of sales and use taxes distributed by the county, they should call OSC’s legal staff for advice at (518) 474-5586.

### **Fire District Budgets (Section 105)**

The boards of fire commissioners must file their budgets with the town budget officer by November 7. The budgets must be in the same form as the town budget (see preliminary budget above). The budget officer must add the fire district budget to the town’s annual budget. No changes may be made in the fire district budget by either the budget officer or the town board.

## **Interest Charges Against Districts (Section 114)**

The town board may include in the annual budget of a special district a charge against the district for interest paid or to be paid on tax or revenue anticipation notes issued for district purposes.

## **Public Hearing (Section 108)**

On or before the Thursday following the general election (on or before December 10) the town board must hold a public hearing on the preliminary budget.

A notice of the public hearing must be published, at least five days prior to the date specified for the public hearing, in the official newspaper. If the town does not have an official newspaper, the notice should be published in a newspaper having general circulation in the town. The town board, by resolution, may require additional publications of the notice of hearing.

The notice must state:

- The time and place where the hearing will be held
- The purpose of the hearing
- That a copy of the preliminary budget is available at the town clerk's office where it may be inspected during office hours
- The proposed salary for each member of the town board, an elected town clerk and an elected town highway superintendent.

At least five days before the day designated for the public hearing, a copy of the notice must be posted on the signboard of the town.

The hearing may be adjourned from day to day, but not beyond November 15 (December 15).

At the public hearing, any person may be heard in favor of, or against, the preliminary budget or any item therein.

## **Final Revision and Adoption of Budget (Section 109)**

After the public hearing, the town board may further revise the preliminary budget, subject to the restrictions of Section 107 (i.e., must be in the prescribed form, appropriations for contingent purposes must be within the 10% limitations, etc.).

The budget must be adopted by November 20 (December 20) and be entered in the minutes of the town board. The preliminary budget as adopted becomes the annual budget of the town for the next fiscal year.

If the town board fails to adopt a budget by November 20 (December 20), the preliminary budget, with such revisions as the town board may have made, will constitute the budget for the ensuing fiscal year.

## **Tax Levy (Section 115)**

The town clerk is required to prepare and certify in duplicate a copy of the annual budget as adopted by the town board, together with estimates for special improvement districts. The town clerk must add a copy of each fire district budget to the town's annual budget and, within five days, deliver two copies of the budget to the town supervisor. The supervisor must then present the copies of the annual budget within 10 days of receipt to the county board for levy of the taxes specified in the budget.

## **Supplemental Appropriations (Section 112)**

The town board, by resolution, may make supplemental appropriations from unexpended balances of other appropriations, the appropriation for contingencies, unappropriated unreserved fund balance or unanticipated revenues within a fund, or borrowings made pursuant to the provisions of the Local Finance Law. However, unappropriated unreserved fund balances or unanticipated revenues may be used only to the extent that the total of all revenues of a fund recognized or reasonably expected to be recognized in the current fiscal year, together with the unappropriated unreserved fund balance, exceeds the total of all revenues and appropriated fund balance as estimated in the budget.

The town board may direct the supervisor to pay the county treasurer moneys from any source (except borrowings) not otherwise committed or appropriated to reduce the levy for State and county purposes. The moneys must be paid to the county treasurer prior to the levy of county taxes.

State and federal grants-in-aid, gifts which must be expended for a particular object or purpose, and insurance recoveries for the loss, theft, damage or destruction of real or personal property which are proposed to be used or applied to repair or replace such property, may be appropriated by resolution of the town board at any time.

## **Transfers (Section 113)**

The town board, by resolution, may transfer surplus moneys, contingent appropriations and unexpended balances from:

- The General Fund – Townwide, to the portion of the Highway Fund for which taxes are levied on the entire area of the town
- The General Fund – Town Outside Villages, to the portion of the Highway Fund for which taxes are levied solely on the area outside villages.

Note: There is no authority to transfer from the Highway Fund to the General Fund.

## **Transfer of Appropriations (Highway Law, Section 285-a)**

Transfer of unneeded appropriations may be made among the major areas of highway expenditures with the same tax base.

### **Encumbering Appropriations (Section 110)**

Each head of an administrative unit is required to file with the supervisor a list of unpaid obligations as of the close of the fiscal year. (A sample form is in Chapter 5, Exhibit F.) In turn, the supervisor is required to encumber the applicable appropriation account balances to the extent of such unpaid obligations. The town board may require encumbering appropriations at more frequent intervals.

### **Lapse of Appropriations (Section 111)**

Balances of appropriations that are not encumbered lapse at the close of the fiscal year. However, an appropriation for a capital purpose continues in force until the purpose for which it was made has been accomplished or abandoned.

### **Compensation of Officers and Employees (Sections 27, 108)**

Proposed salaries of town board members, an elected town clerk and an elected town highway superintendent must be set forth in the notice of public hearing on the preliminary budget. The town board may increase these salaries in excess of the amount specified in the notice, for not more than one fiscal year, by adopting a local law subject to permissive referendum requirements. Other salaries may be established and, generally, increased by resolution of the town board. The salary fixed by the town board for a budget officer is in addition to any other compensation received for services in another position.

## Budget Calendar

	Deadline Date	Towns in Westchester and Monroe Counties
1. Budget officer furnishes heads of administrative units (departments and officials) with estimate forms.	Early enough to give sufficient time to prepare by approximately 9/1.	Early enough to give sufficient time to prepare by approximately 10/1.
2. Submission of estimates* (Section 104).	9/20	10/20
3. Filing of tentative budget with town clerk (Section 106(2)).	9/30	10/30
4. Town clerk submits tentative budget to town board (Section 106(3)).	10/5	11/10
5. Revision of tentative budget by town board (Section 106(3)); preparation of preliminary budget and filing in town clerk's office (Section 106(4)).	Prior to publication of notice of public hearing on preliminary budget.	
6. Notice of public hearing on preliminary budget (Section 108).	At least five days prior to hearing.	
7. Public hearing (Section 108).	Thursday following general election. May be adjourned but not beyond 11/15.	12/10
8. Final revision of preliminary budget (Section 109).	After public hearing, but prior to final adoption.	12/15
9. Adoption of budget (Section 109).	11/20	12/20

\* The budget officer has the responsibility to prepare the estimate if one is not submitted.

## Questions and Answers

**1. When should the budget officer distribute budget estimate forms to the department heads?**

The law requires that department heads submit their estimates and supporting information by September 20 (October 20) on forms provided by the budget officer. The budget officer should distribute the forms early enough for the department heads to prepare their estimates. In small towns, September 1 (October 1) might be considered as the latest date on which department heads should receive the estimate forms; larger towns should consider an earlier date (Section 104).

**2. Should an estimate of fund balance be included in the budget for the following fiscal year?**

Yes, an estimate of the fund balance on December 31 must be included in each town and special district fund. The estimates must include information concerning the preliminary budget as shown in Section 107.

**3. What is the limit on the amount that may be appropriated for contingent purposes in the general fund, town outside villages?**

The limit is 10 percent of net appropriations (total appropriations less appropriations for debt service, judgments, estimates for special district purposes and for the repair and improvement of highways). If property in villages has been exempt from taxes for highway machinery, the machinery appropriation would be included in the base. Likewise, if property in villages has been exempt from taxation for snow removal, the appropriation for this purpose would be included in the base (Section 107).

**4. What are the main topics which a budget message should discuss?**

Main topics include changes from the prior budget such as appropriations for capital projects, substantial increases in specific appropriations, appropriations for new services such as garbage and refuse removal, the financial condition of the town, new or drastically changed revenue sources, or any other item of interest to the town board and the taxpayers.

**5. If a town clerk does not have regular office hours, when and where should a copy of the preliminary budget be made available for public inspection?**

The town clerk should arrange to have the budget available for inspection for a sufficient number of hours so that the public may be adequately and efficiently informed. The time when the budget is to be available at the clerk's office should be made a matter of public knowledge.

**6. If several persons object to the preliminary budget or any item(s) in it, is the town board required to amend the preliminary budget?**

No (Sections 108 and 109).

**7. What are the duties of the town clerk in the preparation and adoption of the annual town budget?**

In addition to recording town board action on the budget, the town clerk must:

- Prepare and submit estimates for his or her department to the budget officer by September 20 (October 20) (Section 104).
- File the tentative budget and related papers presented by the budget officer by September 30 (October 30) (Section 106(2)).
- Present the tentative budget and supporting papers to the town board at a regular meeting or a special meeting held on or before October 5 (November 10) (Section 106(3)).
- File the preliminary budget in the clerk's office and make as many copies for public distribution as the town board may direct (Section 106(4)).
- Publish the notice of public hearing on the budget and post a copy of the notice on the town signboard (Section 108).
- Enter the adopted budget in the minutes, prepare and certify in duplicate a copy of the budget together with the estimates for special improvement districts, and deliver two copies to the supervisor for transmittal to the county legislative board for levy of the tax (Sections 109 and 115).

**8. If the town clerk is appointed budget officer, does he or she have to file a separate oath of office for that position?**

Yes (Section 25).

**9. If the supervisor acts as budget officer, does he or she have to file a separate oath of office for that position?**

No, he or she is the budget officer by virtue of being supervisor (Section 103).

**10. If the supervisor acts as budget officer and the town board has fixed a salary for that position, is the amount of the supervisor's salary advertised in the notice of public hearing on the preliminary budget a combination of the salaries for both positions?**

No, only his or her proposed salary as supervisor needs to be advertised (Sections 27(4) and 108).

**11. At the organization meeting in January, the town board set a \$600 annual salary for the budget officer. The supervisor has not accepted any part of the salary. On September 1, he or she appoints the town clerk as budget officer. How much additional salary is the town clerk entitled to during the balance of the fiscal year?**

Generally, \$200, because one-third of the year remains.

**12. What are the advantages of encumbering during the fiscal year?**

The advantages are that appropriation balances available to carry on town business during the fiscal year will be more accurate, and that better control during the year will greatly reduce the possibility that unpaid obligations at the end of the fiscal year will exceed available appropriation balances.

**13. What are the local law procedures to increase the salary of elected town board members, elected town clerks and elected highway superintendents over the advertised amount in the notice of hearing on the preliminary budget?**

A local law increasing the salary of elected town officers is subject to the following:

- It must be passed by an affirmative vote of a majority of the total voting strength of the town board (three affirmative votes of a five member board).
- The style of the local law shall be: “Be it enacted by the town board of the Town of ...”
- The local law may include only one subject, which must be set forth briefly in the title of the local law (e.g., “increase salaries of certain elective town officers”).
- The local law must be introduced by a member of the town board and may not be passed until in its final form. It must have been on the desks or tables of members of the board at least seven days prior to its final passage, exclusive of Sundays, or mailed to each town board member at least 10 days prior to its final passage, exclusive of Sundays. However, if the supervisor has certified that immediate passage is required, the local law must be passed by an affirmative vote of at least two-thirds (four votes of a five member board).
- The town board must hold a hearing on the local law, generally on five days prior public notice.
- The local law must be subjected to permissive referendum procedures; thus, it cannot become effective until 45 days after its adoption if no petition for referendum is filed or, if a petition is filed, only after it is passed at referendum (Town Law, Section 27; Municipal Home Rule Law, Sections 20 and 24).

**14. In a town without a village, may the town board transfer from the appropriation for contingent purposes to the highway fund?**

Yes, but not directly. The town board must first modify the general fund budget to indicate that a portion of the contingent account balance is being transferred to appropriation account A9901.9 (Transfers to Other Funds). The amount transferred to the highway fund will be recorded as a revenue in account D5031 (Interfund Transfers).

**15. If a water district covers the entire town outside any village(s), may moneys be transferred to it from the town outside village general fund?**

No. There is no provision in New York State law that permits a transfer between such a special district fund and an operating fund.

**16. Assume a substantial amount of unrestricted fund balance and unanticipated revenue collections in the general fund, town outside village; assume also that appropriation balances in other operating funds are insufficient. May cash be transferred to these other funds, and, if so, are there any restrictions?**

Transfers of available unappropriated unreserved fund balance and unanticipated revenue collections may be made to funds having the same tax base, such as the general fund – outside village to the highway – outside village fund.

**17. The appropriation for the town youth program is exhausted by August and a service club donates money to continue the program. May the program be continued and, if so, how are funds made available?**

The contribution may be appropriated immediately by the town board for the purpose for which the donation was made (Section 112 (3)).

**18. How can it be determined whether there is unappropriated unreserved fund balance in a fund which can be appropriated?**

Unanticipated revenues and unappropriated unreserved fund balance can be used to increase appropriations. This can be done when the total of all recognized (or reasonably expected to be recognized) revenues in a fund for the current fiscal year, plus the unappropriated unreserved fund balance, exceeds the total of all revenues and appropriated fund balance as estimated in the budget. To determine this, the status of budget and actual accounts must be analyzed as illustrated in the following example:

**Status of Accounts**

<u>Code</u>	<u>Account Title</u>	<u>Type of Account</u>	<u>Amount</u>
510	Estimated Revenues	Budgetary	\$50,000*
599	Appropriated Fund Balance	Budgetary	\$10,000*
980	Revenues	Actual	\$55,380**
909	Fund Balance, unrestricted	Actual	\$9,015***

<u>Analysis</u>	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Revenues	\$50,000*	\$55,380**	\$5,380
Fund Balance, unreserved	10,000*	9,015***	(985)
Total	\$60,000	\$64,395	\$4,395

\* The amounts shown in the adopted budget, with any subsequent amendment by the town board.

\*\* The revenues expected to be received through the end of the year.

\*\*\* The actual unrestricted fund balance.

In this example, up to \$4,395 could be used to increase appropriations. The accounting entry would credit appropriations and debit estimated revenues to alter these two accounts. The debit is to estimated revenues because the excess actual revenues are being appropriated.

**19. Can a specific revenue in excess of its particular estimate be appropriated? For example, if actual interest revenue is \$9,000 and \$5,000 is estimated in the budget, can \$4,000 be appropriated?**

The answer is no. Other revenues may be below their budget estimates. The criteria from answer 18 above generally must be used to determine the overall financial picture before the budget can be amended (Section 112 (1)).

## **20. Are there any exceptions to using the formula?**

Yes, the following can be appropriated at any time (Section 112 (3)):

- Federal or State grants-in-aid
- Gifts that must be spent for a particular object or purpose
- Insurance recoveries for loss, theft, damage or destruction of property that are used to repair or replace the item(s) damaged, stolen, lost or destroyed.

## **Accounting**

### **Duties of the Supervisor (Section 125)**

The supervisor shall:

- Keep records in the manner and form prescribed by the State Comptroller
- Show on every check the fund against which it is drawn and the appropriation chargeable
- Not permit any fund or appropriation to become overdrawn, nor charge one fund or appropriation to pay a claim chargeable to another
- Prepare and submit to the town board, at the end of each month, a detailed statement of all moneys received and disbursed for that month, and file a copy with the town clerk
- Pay out money only upon warrant, order or draft of the town clerk after audit and allowance of the town board, unless there is a town comptroller. Where there is a town comptroller, the supervisor shall pay out money only upon warrant, order or draft of the town comptroller. The supervisor, without prior audit, may pay principal and interest on indebtedness, stated salaries or compensation of officers or employees, amounts due on contracts for periods exceeding one year for which provisions have been made in the budget, and claims for utility services, postage, freight and express charges, if the town board has authorized such claims to be paid in advance of audit pursuant to Town Law, Section 118.

### **Town Comptroller as Accounting Officer (Section 124)**

The town board of any town of the first class, or any town of the second class having a population of more than 40,000 according to the latest federal census, may establish the office of town comptroller by board resolution (Section 20(3)(b)). In a town where a comptroller has been appointed, the town board may determine the comptroller to be the accounting officer and transfer to the comptroller the accounting duties of the supervisor. The supervisor remains treasurer of the town and pays out town moneys upon warrant of the town comptroller. In general, every officer is required to submit to the supervisor a monthly statement of moneys received (Section 27) and furnish a copy to the town comptroller.

The town comptroller as accounting officer must:

- Keep detailed accounting records
- Provide the town board a detailed monthly statement of all receipts and disbursements, and file a copy in the town clerk's office

- Prepare and file the town’s annual financial report with the State Comptroller
- Prepare and file with the town clerk an annual financial report of the moneys received and disbursed, with bank certifications showing the amount of money on deposit, within 30 days after the expiration of each fiscal year, and provide a copy of the report to the official newspaper for publication. Alternatively, the town board may authorize the town comptroller to file with the town clerk a copy of the annual financial report to the State Comptroller, to be filed within the time periods specified in General Municipal Law, Section 30 (Section 29 (10) or (10-a)).

In addition to the above, the town board, by ordinance, may also provide the town comptroller with either or both of the following powers and duties of the supervisor (Section 34):

- Keeping appropriation accounts and preventing overdrafts
- Drawing checks upon funds and appropriations, provided that the checks are countersigned by the supervisor.

The town comptroller must furnish the supervisor with information and data the supervisor requires to perform his or her duties or make reports required by law.

## Claims and Payments

### Form of Claims (Section 118)

A claim may be generally defined as a bill, account or demand against the town for the payment of moneys due for services rendered or materials furnished. A voucher is generally the form that is prepared by the vendor and submitted with other appropriate documentation as the claim. In most instances, the terms “claim” and “voucher” are intended to be used interchangeably, and sometimes together, as in “claim voucher.”

A claim, with certain exceptions, must be:

- Itemized
- Certified or verified by the claimant, if required by the town board
- In the form prescribed by the town board or town comptroller
- Accompanied by a statement by the officer whose action gave rise to the claim that he or she approves the claim, and that the services were rendered or the goods and materials were received
- Audited and allowed by the auditing authority prior to payment.

A copy of a sample claim voucher used by many local governments is shown in Chapter 5, Exhibit G. A voucher in this format should be completed by the claimant and submitted to the town. The form should include information needed to process the claim for payment, such as the account to be charged, approval by the town officer or employee who gave rise to the claim, and approval by the auditing authority.

## **Audit of Claims by the Auditing Authority (Sections 118 and 119)**

No claim, with certain exceptions, may be paid unless an itemized voucher, in the form prescribed, has been presented and is audited and approved by the auditing authority. The auditing authority in a town is the town board, or the town comptroller in towns that have created the office. As claims are received and presented for audit, they are to be numbered consecutively, beginning with the number one each year, and should be stamped or otherwise marked with the date of presentation.

The audit of a claim by the auditing authority should not be a casual review. Instead, it should be a deliberate and thorough process to determine that a proposed payment is proper and just. The audit process should ascertain that:

- Each claim is in the proper form, is mathematically correct, meets legal requirements, does not include charges for taxes from which the local government is exempt, includes discounts to which the local government is entitled, does not include charges previously claimed and paid, and is in agreement with an attached purchase order if applicable.
- A proposed payment is for a valid and legal purpose.
- A claim was incurred by an authorized official.
- The goods or commodities were received, or the services were rendered.
- The claim is for the proper amount.
- The claim amount does not exceed the available appropriation. This verification function may not be necessary during the audit of claims because checking for available appropriations should be performed during the purchasing function.

A claim may be rejected if any of the above conditions is not met. Whether or not a claim may be resubmitted for audit and approval will depend on the nature of the deficiency noted during the audit.

A pattern of errors may be an indication of problems with the existing claims processing system that should be identified and corrected. System improvements will save audit time and expense by limiting the number of claims denied initially, then resubmitted for a second review. To assist in auditing claims, the town board should ensure that an adequate system of internal controls is established. Examples of internal controls include having someone in the pre-audit function checking that claims are sufficiently itemized, that adequate documentation supports each claim voucher, that goods or services are actually received or rendered, and that the appropriate procurement procedure has been followed. (See General Municipal Law, Sections 103 and 104-b).

There is no general statutory requirement that vouchers be signed by town board members or comptrollers attesting to the audit and approval (OSC legal opinions Nos. 83-144, 80-417). However, signing or initialing claims may be required where a town board adopts this requirement as part of its procedure for audit and approval of claims or if there is a local charter requirement. In towns, claims generally must be accompanied by a statement by the officer or employee whose actions gave rise or origin to the claim. Also, the board, by resolution, may determine that claims be certified or verified.

After claims have been audited and approved for payment, the town clerk or town comptroller prepares an “Abstract of Audited Claims.” The abstract also contains a warrant or order directing the supervisor to pay to claimants the amounts allowed upon the claims. A copy of the abstract may serve as a subsidiary cash record. If the abstract is used as a subsidiary cash record, the supervisor should record the check numbers on the abstract and record the total of the abstract in the cash disbursement record with each fund being charged its proper share of the total expended. The supervisor is also required to record in the subsidiary expenditure ledgers the amount charged to each appropriation account (Sections 119(1), 125). A sample abstract is shown in Chapter 5, Exhibit H.

If the town board is the auditing authority, the minutes of the board meetings should reflect what claims have been audited and whether allowed or disallowed, in whole or in part. The resolution to be adopted by the board should be sufficiently detailed to provide, by fund, the exact claims or sequence of claim numbers audited and approved and their dollar value. Whenever a board member does not approve a particular voucher and it is allowed over his or her objection, official note of this should also be in the minutes. A summary of the abstracts may be shown in the minutes rather than listing each claim.

If the town comptroller is the auditing authority, then suitable records should be maintained to identify what claims have been audited and whether allowed or disallowed, in whole or in part. The town comptroller performs the claims auditing and processing duties of the town board and town clerk. The comptroller is also required to keep a separate account for each budget appropriation and may not allow any fund or appropriation account to be overdrawn, nor draw against a fund or appropriation account to pay a claim chargeable to another fund or appropriation account.

### **Payments Not Requiring Pre-Audit (Section 118)**

An auditing authority is not required by law to pre-audit payments of fixed salaries, compensation of officers or employees, principal and interest on indebtedness, or amounts becoming due on certain contracts which exceed one year for which provision has been made in the budget. However, town officials should perform some verification function to ensure that the amounts to be paid agree with the town’s obligation.

### **Payments Allowed Prior to Audit (Section 118)**

The town board, by resolution, may permit the supervisor to pay claims for public utilities, postage, freight and express charges, before they are audited. For towns, the term “public utilities” includes electric, gas, water, sewer and telephone services and the purchase of fuel oil. All such claims must be presented for audit at the next regular board meeting or comptroller audit, and the claimant and the town officers incurring or approving these claims are jointly and severally liable for any amount disallowed upon audit.

### **Town Charges (Section 116)**

Towns are authorized to incur expenses for such items as compensation and actual and necessary expenses of town officers and employees; damages recovered against a town officer for any act performed in good faith in his or her official capacity; expenses incurred by a town officer for insurance against loss of public moneys through theft, robbery or burglary; fees for examination of animals by a veterinarian for infectious diseases; reasonable

fees of a physician for examining persons arrested in the town and charged with DWI; independent audit of town records by a CPA or PA; expenses of certain training courses for town officers and employees; dues for the Association of Towns; publication and distribution of reports of the fiscal affairs of the town; and the purchasing of labor saving devices.

The purposes for which town funds may be expended are not limited to those specified in this Section of the Town Law.

### **Prohibited Expenditures (Section 117)**

In general, unless provision has been made in the annual budget or a supplemental appropriation has been provided, no officer, board, department or commission may expend, or contract to expend, any money or incur any liability or enter into any contract which involves the expenditure of money for any purpose, except leases or contracts as may have been entered into by the town for a term exceeding one year. Town Law, Section 117, provides that any contract, either verbal or written, made in violation of this prohibition is null and void.

### **Advertising for Bids (Section 122)**

Competitive bidding thresholds are \$20,000<sup>+</sup> for purchase contracts and \$35,000\* for contracts for public work. When required by Section 103 of the General Municipal Law, all contracts for public work must be awarded to the lowest responsible bidder after advertising for bids. All purchase contracts must be awarded on the basis of best value after advertising for bids. Best value is defined as the offerer which optimizes quality, cost, and efficiency, among responsive and responsible offerers. In addition, the board must adopt procurement policies and procedures applicable to procurements not subject to competitive bidding to ensure that prudent and economical use is made of resources (General Municipal Law, Section 104-b).

### **Payrolls (Section 120)**

Payrolls for personal services by persons other than an elective officer must be certified by the officer or employee having direct supervision. Certification must attest that services were actually performed by the person(s) mentioned in the payroll. In lieu of certification, the board, by resolution, may determine that payrolls may be verified by direct supervisors.

### **Judgments (Section 121)**

The town board may provide by taxation, or by borrowing (pursuant to the Local Finance Law), the money necessary to pay judgments, or to pay amounts required by actions, proceedings or claims which have been compromised or settled in the manner provided in Section 68 of the Town Law.

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<sup>+</sup> Effective June 22, 2010

\* Effective November 12, 2009

## Annual Accounting by Town Officers and Employees (Section 123)

All town officers and employees who receive or disburse moneys, except town justices, must file detailed statements with the town board of all receipts and disbursements for the fiscal year, on or before January 20. The statements must be recorded in the minutes. Town justices must also produce their dockets for examination. In addition, all officers and employees who receive or disburse moneys must produce all pertinent books and records for audit by the town board.

A member of the town board may not participate in the board's audit of his or her report and records, or the audit of any other account in which he or she has an interest.

The requirement for an annual audit by the town board does not apply to towns having a town comptroller (who would be responsible for the annual audit instead of the board) or towns which engage the services of a CPA or public accountant to make an annual audit to be completed within 60 days of the close of the fiscal year.

For annual reporting by the town supervisor, see Chapter 2.

## Responses to Municipal Audit Reports

Since 2008, OSC has been formally reviewing the corrective action plans (CAP) submitted in response to OSC audit reports. Municipalities are currently authorized to respond in writing, within 90 days, to any audit findings and recommendations made by the Office of the State Comptroller or by an independent public accountant (General Municipal Law, Section 35). The law is intended to encourage local government officials to promptly acknowledge and respond to weaknesses identified in audit reports. It also requires municipalities to give public notice that an audit was performed and that the governing board of the municipality, in its discretion, may prepare a written response to the audit. In addition, municipalities are required to furnish the OSC with copies of reports of external audits performed by independent public accountants and management letters prepared in connection with such audits (General Municipal Law, Section 35(4)).

OSC will acknowledge receipt of the CAP, and discuss potential concerns, if any, in a letter addressed to the local officials. CAP reviews will determine whether the governing board addressed each audit recommendation and involved its audit committee in the CAP development process. In addition, OSC will evaluate the actions taken or proposed to ensure that they are communicated clearly and carefully designed. These CAP reviews will supplement other OSC efforts designed to provide local officials with meaningful resources and guidance. The review letters issued by OSC will provide feedback to local officials about their efforts to strengthen internal controls and improve financial management systems.

## Chapter 4

# Services and Publications Provided by OSC's Division of Local Government and School Accountability

The Office of the State Comptroller has a constitutional and statutory responsibility to oversee the fiscal affairs of local governments. OSC's oversight and support of local governments is facilitated by the Division of Local Government and School Accountability. The Division's basic mission is to serve taxpayers' interests by improving the fiscal management of local governments and schools in New York State.

The Division operates under the principle of partnership with local governments, disseminating information and providing a range of services to help these governments operate more efficiently and effectively. These services include accounting, management and other manuals; technical assistance publications and bulletins; and a variety of training opportunities and consulting services. Our performance audits provide information on areas where local governments may improve services or reduce costs, and our research studies analyze and describe various policy issues. In response to school district scandals on Long Island, we launched a school accountability initiative, which included auditing all school districts by 2010, as well as other reforms. We were able to achieve this goal by the end of 2010.

The Division has expanded its traditional accountability role and today actively promotes government reform by presenting audits, research and other public information on critical local government policy issues. These efforts often pave the way for local or State action, including legislation.

OSC oversees a great number and diversity of local governments – over 4,400 units overall. This includes 1,606 general purpose local governments (counties, cities, towns and villages) and 1,579 special purpose local governments (school and fire districts). In addition, there are more than 1,300 special purpose entities, including agencies and authorities; municipal libraries; joint activities; special sewer, water and lighting districts; housing authorities; industrial development agencies, etc. Special purpose entities are differentiated from local governments in that they cannot independently levy taxes.

Beyond these basic units of government are over 7,300 improvement districts which are components of towns or counties but are not separate governmental entities. The most common are water, sewer, lighting, drainage, fire protection, park, and refuse districts. In 2007, the Division released a research brief on town special improvement districts, including how they are structured, how they operate, and what fiscal burden they impose on property owners. The report noted that 24 percent of total town revenues now come from special districts, with two-thirds of special district revenues collected in Nassau, Suffolk, Erie and Westchester counties. With special districts adding hundreds of dollars to property owners' tax bills, the report encouraged State and local officials to improve transparency of special district operations, utilize unit cost analyses to evaluate efficiency and equity issues, and consider consolidation where appropriate.

## Audits

In 2011, the Division of Local Government and School Accountability issued 391 audit reports, of which 87 related to Town audits.<sup>2</sup> These reports covered a broad range of audit objectives addressing financial condition, payroll and benefits, Justice Court operations, and cost savings, among others. The Division's audits quantified a total of \$50.8 million in actual or potential cost savings, and disclosed fraudulent or wasteful uses of funds. The following are examples of Town audits released in 2011.

- **Town of Pitcairn:** The former Town Supervisor disbursed \$35,622 from Town funds that do not appear to have been made for valid Town purposes because the Board did not monitor the use of Town assets. Fiscal duties were concentrated with the former Supervisor, who also was a branch manager of the bank designated as the Town's official depository. We communicated these audit findings to the appropriate law enforcement authorities.
- **Town of Greenport:** The Town's former bookkeeper circumvented the Town's few internal controls and issued eight checks to herself and her spouse totaling \$53,565 during the first seven months of 2010. An investigation found that she also had misappropriated \$287,000 from the Town of Kinderhook, where she was previously employed. In September 2010, the former bookkeeper was indicted on 20 counts of fraud, and pled guilty to all charges related to theft of public funds in March 2011.
- **Town of Lake George:** Lack of fiscal oversight and poor budgeting resulted in cash flow shortfalls for the Town, questionable payments to employees, and the potential abuse of leave time. Because the Board did not oversee wage increases, employees received more than \$225,000 in unauthorized "title pay" from 2007 through 2010. The former Supervisor did not document the purpose, amounts, or approval of these questionable payments, which Town officials should seek to recover. Additionally, two employees improperly received separation payments and benefits of over \$12,000.
- **Town of Lewiston:** Town officials spent at least \$32,000 to install drainage improvements that were unnecessary or not the Town's responsibility, and also failed to consistently comply with the Town's procurement policy. Further, the Recreation Department did not collect more than \$18,000 owed for baseball registration fees and uniform reimbursements because the Department did not maintain appropriate records.
- **Town of Pendleton:** In January 2007, the Town paid \$187,000 to buy 95 acres of land to use for soccer fields and other recreational facilities. However, the Town has not developed the land for these purposes because it is designated as wetland and is unsuitable for development. The purchase price may not be recoverable. Had Town officials properly evaluated this property before the purchase, they could have avoided this imprudent expenditure.

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<sup>2</sup> As of December 2, and excluding New York City

- Town of Elma: We found that the Board and Town officials are not complying with the procedures set forth in Town Law and their Water Ordinance regarding the enforcement of unpaid water rents through the re-levy process. In November 2010, the Town's water accounts that were 90 days past due amounted to \$28,900, but the Town re-levied only \$985 in outstanding water charges on the Town 2011 tax roll.
- Town of Broome: We found that the Board succeeded in implementing its financing plan to build new Town offices and a new Highway Garage. By planning for the project and setting aside funds, the Town now has to obtain only \$450,000 in financing at 3.61 percent, at a cost of \$50,000. By budgeting for this project over time, the Board saved \$66,000 in interest, and earned interest of \$2,600 from the moneys that were set aside.
- Justice Courts in the Towns of Tyre, Romulus, Junius, and Phelps: These four Courts together collected \$1.86 million in fines and surcharges during our audit period. Court personnel in the Town of Phelps managed their Court well. However, we identified deficiencies in depositing, reconciling, or reporting of Court moneys in the other three Courts. One Justice had no records to document monthly bank reconciliations or accountability analyses. Personnel in the other two Courts did not deposit \$31,345 in a timely manner, perform monthly reconciliations of bank to book balances, or maintain accurate bail listings. Justices in the same two Courts had not properly segregated incompatible duties or adequately reviewed Court clerks' work. One of these Courts also was late in filing the monthly report to the JCF in 22 instances.

## Research

The Division's Research Unit provides additional analytical support for the Comptroller's leadership in local government policy and reform. Research staff analyze local government data and policy issues, producing reports on critical trends affecting local governments. The addition of this capability has allowed for a great improvement in the presentation of data and analysis in the Comptroller's reports on local governments.

A series of research briefs entitled "Local Government Issues in Focus" reviews major issues affecting local governments, providing an accessible overview as well as an analysis of policy implications to be considered at the State level. This series, as well as other research reports, can be obtained at [www.osc.state.ny.us/localgov/pubs/listresearch2.htm](http://www.osc.state.ny.us/localgov/pubs/listresearch2.htm).

## Budget Reviews

Our budget reviews help local governments achieve structural balance in their budgets by evaluating the consistency and appropriateness of estimated revenues, appropriations and appropriated fund balances. In 2011, budget reviews of towns were provided for Deer Park, East Hampton, Sidney, and Stony Point.

## Training

Training is one of the most important services offered by OSC to local government officials. Since many local officials serve on a part-time basis and there is often a large election turnover, we offer frequent, conveniently located training opportunities.

During 2010, Division staff presented more than 144 training sessions at our conferences, schools, webinars and online events attended by more than 11,655 local government officials. Over 880 local officials participated in two webinars that were broadcast throughout New York State. Webinar topics included justice court finances, common audit findings and retirement incentive facts and figures.

In partnership with Hofstra University and Cornell University's Community and Rural Development Institute (CaRDI), the Division created the Local Government Leadership Institute in 2009. In 2010, the Division once again partnered with Hofstra and CaRDI in the development of the second annual Leadership Institute. The first Institute was held at Hofstra University in May and was followed by the Institute at Cornell University in June. More than 200 local government leaders participated. The Institute is unique in that it is designed to provide fiscal and management guidance to local government officials across multiple classes of government. In addition, the Institute provides opportunities for dialogue on key issues of regional concern.

The Division also conducted eight basic and advanced accounting schools, and several custom programs covering topics such as purchasing, budgeting, accounting, fiscal responsibilities, and fiscal performance plans. Total attendance exceeded 1,700 for these programs.

## Intergovernmental Cooperation

The Division promotes local consideration of cooperative, shared and consolidated services by providing current research on the issue, outlining the steps local governments should go through to evaluate service sharing, and providing consulting services. OSC has issued a research report on the topic, entitled *Intermunicipal Cooperation and Consolidation*, as well as a module in our *Local Government Management Guide: Shared Services in Local Governments* which helps outline the steps local governments should go through in considering cooperative ventures. We also issued two consolidation guides in 2007: *Justice Court Consolidation in Villages and Towns*, and *Special District Consolidation in Towns*. For more information and copies of these publications, visit [www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm).

## Technical Assistance and Communications

Several best practice guides have recently been produced, under the "Local Government Financial Toolbox" series, to provide advice in the areas of health insurance, procurement, credit card use, and cash management. The Division also launched a major effort to update and streamline its *Local Government Management Guide* (detailed later in this chapter), which contains modules on reserves, strategic planning, financial condition analysis and other topics.

The Division has collected over 15,000 email addresses of local government officials, so that reports, bulletins, and newsletters can be distributed electronically. The Division also actively monitors its local government “email box,” [localgov@osc.state.ny.us](mailto:localgov@osc.state.ny.us), and responds to requests from local governments for information and technical assistance. Annually, thousands of requests for technical assistance are responded to from the Division’s seven regional offices.

The Division’s Internet site offers improved navigation and content management, and an interactive calendar searchable by date and location.

## Financial Data

The Division collects a wide variety of data relating to local government operations, resulting in an information repository that is an essential resource for a broad spectrum of users interested in local government issues. This includes financial data collected annually from the local government entities we oversee, as well as real property tax information and demographic data (e.g., population, land area, employment). The financial data is collected under systems of accounting and reporting prescribed by the Comptroller. These data are a critical input for developing and guiding the Division’s risk assessment, audit planning and research functions.

Our local government data are analyzed and summarized in OSC reports, and are made available to users in a variety of formats, including printed reports and via the web.

A number of external groups use the OSC local government database for a variety of purposes, including:

- Local officials, for management and planning purposes and to provide accountability for financial operations
- Governmental, academic and other research groups, for analysis of local government issues
- The New York State Legislature and State agencies, to monitor programs and allocate resources
- Citizens, to be informed participants in the management of local government
- Investors and rating agencies, to evaluate the creditworthiness of local governments.

## Justice Court Fund

The Division is custodian of the Justice Court Fund (JCF), established to account for the revenues from fines and penalties collected by the State’s town and village justice courts and other sources. In the 2010-11 State fiscal year, the JCF distributed \$530 million in fines, fees and surcharges and forfeitures derived from the adjudication of motor vehicle, criminal, civil and other cases at the local government level, of which local governments received \$225 million, or 43 percent.

## Electronic Filing

Using e-filing for annual financial reports produces better quality data because the filing software includes edit checks and many data entry and transcription errors are eliminated. It is also a more efficient way for local governments to file financial reports. Since e-filing was introduced in the late 1990s, participation has been voluntary, but the Division aggressively encourages e-filing and provides training and assistance. Over 98 percent of counties, cities, towns, and villages use e-filing for their financial data.

## Industrial Development Agency (IDA) Annual Reporting

IDAs are independent public benefit corporations authorized under State law, and each is established for the benefit of a particular local government. IDAs are intended to advance job opportunities and economic welfare by offering financial incentives to attract, retain, and expand businesses. To achieve these goals, an IDA can buy, sell or lease property, and issue debt. Real property owned by IDAs is exempt from property and mortgage recording taxes, and purchases made for IDA projects are exempt from State and local sales taxes. These exemptions are typically passed through to assisted businesses. IDAs are required to file a statutorily defined annual report with OSC and the Department of Economic Development, including data on jobs and tax exemptions.

## Publications Available from the Division of Local Government and School Accountability

The publications listed in the remainder of this chapter are issued by the Division of Local Government and School Accountability. Most of our publications are available online at [www.osc.state.ny.us/localgov/pubs/index.htm](http://www.osc.state.ny.us/localgov/pubs/index.htm). These publications may also be requested by calling (518) 474-6975.

### Accounting

*Accounting and Reporting Manual for Cities, Villages, Counties and Towns* (formerly known as the Uniform System of Accounts) — OSC publishes accounting manuals with a standard chart of accounts, as directed by General Municipal Law, to assist governments to maintain accounting records that conform with Generally Accepted Accounting Principles and legal requirements.

*Accounting and Reporting Manual for Fire Districts* — This manual is a comprehensive guide for fire districts and others interested in accounting and financial reporting by fire districts in New York State.

*Accounting and Reporting Manual for Industrial Development Agencies* — This Accounting and Reporting Manual for IDAs is published by OSC in accordance with the provision of General Municipal Law Sections 36 and 859. It has been designed to not only meet these statutory requirements but also to assist IDAs in establishing and maintaining sound financial

management systems. Accordingly, the accounting and reporting structures reflect the unique responsibilities and requirements contained in the enabling statutes.

*Introduction to Governmental Accounting* — This textbook is designed to provide local officials and employees with an understanding of the basic concepts of governmental accounting.

*Accounting Principles and Procedures* — This textbook for OSC's advanced training course for local government officials is designed to provide a working knowledge of the accounting and financial reporting practices applicable to local governments.

## **Local Government Management Guide (LGMG)**

The Local Government Management Guide is a series of modules that includes technical information as well as suggested practices for local government management. The following modules are currently available:

*Affordable Care Act – The Comprehensive Federal Health Care Reform Brochure* — This brochure provides basic information to help local government better understand the Affordable Care Act.

*Capital Assets* — This module is designed to help local managers maximize the value received from their government's investment in capital assets. Capital assets are defined as tangible or intangible assets that are used in operations and that have useful lives of more than one year, such as land and improvements to land, buildings and building improvements, vehicles, machinery, equipment, sewer, water and highway infrastructure.

*Cash Management Technology* — The module is designed to give the reader an overview of electronic cash management technologies, as well as the internal controls needed to help detect fraud and ensure that all transactions are captured. Areas of discussion include the use of online banking, electronic transfers of funds, accepting credit/debit cards, remote deposit capture, lockboxes, as well as common protection practices to safeguard your cash. A key concept is that classic internal controls, if well designed, all work well with the new cash technologies

*Financial Condition Analysis* — This module is designed to help you analyze the financial condition of your local government. It includes sections on defining financial condition, assessing financial condition, using analytical tools to evaluate financial condition, and improving financial condition through corrective action. Appendixes help highlight issues and trends in your government's operations and include a glossary of frequently used financial terms and a listing of data resources that may be helpful in conducting financial condition analysis.

*Fiscal Oversight Responsibilities* — This module was developed to help board members and other managers understand and administer key fiscal oversight responsibilities. It covers the following: reviewing fiscal objectives and associated risks that should encompass all operational areas, establishing policies to help achieve fiscal objectives and address significant risks, and monitoring adherence to established policies to ensure that all objectives are being met and that all identified risks are routinely controlled.

*Improving the Effectiveness of Your Claims Auditing Process* — This module was written as a resource for those governing bodies and officials who are responsible for the audit of claims. The information contained in this module will be valuable for new board members and inexperienced claims auditors and a useful refresher for these who have been previously involved with claims auditing.

*Information Technology Security* — This module is designed to give the reader a basic understanding of information technology risks and identifies resources available to help local government officials mitigate information technology risks.

*Investing and Protecting Public Funds* — This guide includes sections about the fundamentals of investing and protecting local government funds in New York State, including prudence in investments, active monitoring of cash flow, investment of public funds, protection of deposits and investments, and investment policy.

*Management's Responsibility for Internal Controls* — This guide is designed to introduce local government and school managers and officials to the components of an integrated internal control framework.

*Multiyear Capital Planning* — This module addresses the process for developing an effective capital asset program. It discusses establishing goals and objectives, developing a comprehensive policy, setting criteria for capital projects and purchases, creating a multiyear capital plan, financing capital acquisitions, assessing budgetary impacts, adopting a capital plan and budget, and monitoring plan results.

*Multiyear Financial Planning: With New Fiscal Performance Plan Requirements* — This module is intended to walk readers through the essentials of financial planning, including how to develop good long-term revenue and expenditure projections, create practical goals, local actions and performance measures for fiscal change, assess prior years' performance, and draw those projections together in a useful document for decision-makers. The Multiyear Financial Planning Guide, complete with the basic plan template, is now available as an online tutorial.

*Personal Service Cost Containment* — This module is designed to assist local governments in containing certain personal service costs. It is broken down into the following sections: containing health insurance costs, minimizing unemployment insurance costs, managing workers' compensation costs, overtime planning and management. The suggestions in this guide are ideas for you to consider and possibly utilize in the management of your operations and in the development of your annual budget.

*The Practice of Internal Controls* — The purpose of this management guide is to provide practical information about internal controls for local government financial operations.

*Reserves* — This module is designed to assist public officials in the establishment and use of reserve funds in accordance with law. Topics include general provisions for reserves, laws under which municipalities are required or permitted to establish reserves, the purposes for which each reserve fund may be used, special provisions that pertain to the various reserve funds, and permitted uses of any unobligated or excess balances of reserve funds.

*Seeking Competition in Procurement* — This module is designed as a layperson’s guide to relevant information on procurement. This guide provides an overview of many procurement topics including competitive bidding; e-bids; cooperative purchasing; procurement policy and procedures; professional services and insurance; and conflicts of interest.

*Shared Services in Local Governments* — Shared services can help municipalities increase effectiveness and efficiency in their operations. As municipal responsibilities become increasingly complex and demanding, municipalities should explore shared services and other cooperative opportunities as a way to reduce or avoid costs, improve service delivery, or maintain services. This module provides guidance and information on all aspects of implementing shared services.

*Strategic Planning* — This module is designed for both elected and appointed local officials who are interested in strategic planning. The LGMG assumes no prior knowledge of strategic planning, and this module offers a description of strategic planning, key terms and concepts, and benefits of strategic planning, providing a “how-to” reference that takes you from inception to implementation.

*Travel and Conference Expense Management* — This module provides an overview of key elements to consider when developing or updating your travel and conference policy. The module also includes practical discussions on establishing lodging, meal, and mileage rates; standardized travel forms; using credit cards and cash advances to pay for travel; extension of travel for personal reasons; travel expenses of spouses and other non-employees; and other topics associated with the management of travel and conference expenses.

*Trouble Ahead: Managing Your Budget in Times of Fiscal Stress* — This module presents a step-by-step process for local governments to follow to determine what budget assumptions may need revisiting, what expenditures may need to be reduced to maintain budget balance, and where they stand financially throughout the fiscal year.

*Understanding the Budget Process* — This module is a resource for those governing bodies and officials who are responsible for preparing, developing, and monitoring the annual budget. The guide provides the groundwork for the development, preparation, and monitoring of the annual budget.

## **On-line Tutorials**

The On-line Tutorials are a training resource provided to local government officials. These tutorials can be found on our website at <http://www.osc.state.ny.us/localgov/training/index.htm>. Tutorials have been developed on the following topics:

*Capital Planning and Budgeting: A Tutorial for Local Government Officials* — A local government’s inventory of capital assets often represents its most significant investment of municipal resources. To ensure that essential operations continue uninterrupted, local managers must effectively plan for the acquisition and replacement of them. This tutorial is designed to help the local government official have a better understanding of capital planning and budgeting.

*Cash Management: A Tutorial for Local Governments and School Districts* — This series of modules is designed to help the local government official develop a better working knowledge of cash management. Although vast differences exist in the size and nature of local governments and in the dollar value of their investment transactions, the key topics covered are sufficiently broad enough to apply to any type of government unit.

*Determining and Allocating the True Cost of Services* — Towns across New York State face the challenge of how to maintain quality services for their constituents while costs continue to rise and State and federal assistance falls. This tutorial is designed to help local government officials develop a better working knowledge of how to determine and allocate the true cost of services.

*Multiyear Financial Planning: A Tutorial for Local Government Officials* — This tutorial is designed to help local government officials create an effective multiyear planning process that helps to identify and manage potential fiscal difficulties and prevent fiscal crises. All local governments, large and small, can benefit from creating a multiyear plan, which allows decision-makers to set long-term priorities and work toward goals.

*Protecting the Public's Interest: A Tutorial on Local Government Ethics and Transparency in New York State* — Citizens depend on municipal officers and employees to act in the public good and to be honest and efficient in their handling of public resources. This tutorial covers the statewide statute pertaining to conflicts of interest, as well as local actions that are required or authorized by law. It also provides case studies that illustrate real-life ethics questions.

## **Management Topics by Position**

*Handbook for Town and Village Justices and Court Clerks* — This handbook assists town and village justices and court clerks in fulfilling the financial reporting requirements of town and village courts.

## **Local Government Financial Toolboxes**

Local Government Financial Toolboxes are a series of “how-to” guides for local governments and include the following topics:

- Capital Planning for Local Governments and School Districts
- Capital and Repair Reserve Funds for Water and Sewer Districts
- Cash Management for Local Governments
- Containing Employee Health Insurance Costs
- Credit Card Accountability: Minimizing the Risk of Error, Misuse and Fraud
- Electronic Banking
- Establishing an Effective Fleet Management System
- Evaluating Solid Waste Collection Options
- Going Green and Saving Greenbacks: Tools and Tips for Municipalities and School Districts
- How to Reduce Energy Costs

- Managing Workers' Compensation Costs
- Managing Your Travel and Conference Expenses
- Minimizing Unemployment Insurance Costs
- Monitoring Health Insurance Premiums for Retirees
- Overtime Planning and Management
- Rereviewing Your Revenue Collection Process
- School District Auditing: Roles, Responsibilities and Resources
- Testing the Efficiency of Your Water Delivery System
- Using State Contracts to Acquire Goods or Services

## Statistical Publications

*Comptroller's Annual Report on Local Governments* — This report provides an analysis of trends in local government finances, and includes tables and charts displaying data on revenues, expenditures, and outstanding indebtedness for all major classes of local government in New York State. This publication also describes the activities of the Division of Local Government and School Accountability, including information about specific services offered by the Division.

*Financial Reports for Various Classes of Local Governments* — Each year the Division publishes comprehensive financial statistics for New York State local governments. The data consists of statistical tables on revenues, expenditures and debt for each class of local government, including towns, counties, cities, villages, school districts, fire districts and joint activities in the State, and can be found at [www.osc.state.ny.us/localgov/datanstat/index.htm](http://www.osc.state.ny.us/localgov/datanstat/index.htm).

*Overlapping Real Property Taxes* — This publication presents comprehensive statistics and pertinent information concerning overall real property tax rates of the State's municipalities.

## Research Reports

Examples of research reports released in 2011 include:

*Local Government Snapshot: 2010 Census: Implications for New York State's Local Governments* — New York State's population increased by 2.1 percent between 2000 and 2010 – the fifth slowest rate of growth among all states nationwide. Although the State's total population growth was relatively stagnant, the changes have been more pronounced at the local and regional levels

*Local Government Snapshot: Local Government Information Security: The Cost of Inadequate Protections* — New technologies are transforming the way we handle information. Along with these advances come the responsibility to protect confidential information adequately so that it cannot be accessed by unauthorized individuals. Failure to do so can come at a considerable financial cost.

*Local Government Snapshot: Local Government Spending on Highways* — New York’s 57 counties (excluding New York City), 61 cities, 932 towns and 556 villages reported spending nearly \$2.6 billion to maintain 187,000 highway lane miles in 2009. Highway maintenance is one of the largest categories of expense for local governments, representing 7.6 percent of total local government expenditures. Nearly 80 percent of highway spending occurs at the town and county levels.

*Local Government Snapshot: Reducing the Cost of Tax Assessment Through Shared Services* —Real property tax assessment is an important function of local governments. In 2009, New York’s city, county, town and village assessing units spent nearly \$132 million and employed roughly 1,350 certified assessors, tax directors and assessment appraisers. Local governments should explore sharing this function to achieve cost savings and improve the quality of assessments.

*Municipal Use of Local Development Corporations and Other Private Entities: Division of Local Government and School Accountability Background, Issues and Recommendations* — New York’s counties, cities, towns, and villages frequently utilize local development corporations (LDCs) and other private entities for economic development and other activities. These LDCs and similar private entities are exempt from many of the constitutional and statutory provisions that guide the operations and financial transactions conducted by local governments.

# Chapter 5

## Exhibits

Various forms are referred to in this handbook. To help you better understand the text, the following forms are illustrated. They may be modified to conform to local conditions.

<b>Exhibit</b>	<b>Title</b>
A	Payroll Journal
B	Payroll Distribution Form
C	Employee Earnings Record
D	Projected Cash Flow Statement
E	Record of Investments
F	List of Unpaid Obligations
G	Claim Voucher
H	Abstract

**EXHIBIT A**

**PAYROLL JOURNAL**

Municipality: \_\_\_\_\_ of \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

Payroll Period: \_\_\_\_\_

Payroll No. \_\_\_\_\_

Line No.	Name and Title of Position	Days Worked	Gross Earnings	Retirement Rate	Retirement Contributions	Loan Repayments	Arrears Payments	Assoc Dues	Net Pay Amount	
		Pay Rate	Federal Withholding Tax	NYS Withholding Tax	Soc Security Withholding Tax	Medicare Withholding Tax	Health Insurance	Other	Check No.	
1	2	4	5	6	7	8	9	10	11	
1	Last Name First	D	G	R	RC	L	A	AD	N	
	Title	P	F/W	S/W	SS	M	HI	O	No.	
2	Last Name First	D	G	R	RC	L	A	AD	N	
	Title	P	F/W	S/W	SS	M	HI	O	No.	
3	Last Name First	D	<i>This sample form contains the essentials of a town payroll. The various expenditure accounts to be charged with the gross payroll amounts can be summarized on the accompanying Payroll Distribution form. Net pay and withholding amounts can also be summarized, disbursed to the proper parties and recorded in the applicable Agency Fund records.</i>							N
	Title	P								No.
		D								N
Total This page		xxxxxxx	F/W	S/W	SS	M	HI	O	xxxxxxx	
Total - Previous Page Carried Forward		D	G	xxxxxxx	RC	L	A	AD	N	
Total Carried Forward to Next Page or Grand Totals		xxxxxxx	F/W	S/W	SS	M	HI	O	xxxxxxx	

Certification of \_\_\_\_\_ Civil Service Commission. I certify that, with the exceptions as shown, the employees named in this payroll, containing \_\_\_\_\_ names, have been appointed or promoted or employed in the positions and places and at the rates of compensation shown, in accordance with the Civil Service Law and Rules made in pursuance thereof, and are certified through \_\_\_\_\_ unless otherwise noted. But when any person whose name appears on the payroll shall have been separated from the service or if status shall change in any way, this certificate shall apply to that person only up to the time such separation or change shall have taken place.

Date \_\_\_\_\_ Signature \_\_\_\_\_ Title \_\_\_\_\_

Certification of Department Head (or other authorized personnel):  
I hereby certify that the persons named in this payroll are employed solely in and have actually performed the proper duties of positions and employments indicated.

Date \_\_\_\_\_ Signature \_\_\_\_\_ Title \_\_\_\_\_

**EXHIBIT B**

**PAYROLL DISTRIBUTION FORM**

D5110.1 General Repairs	\$
D5112.1 Permanent Improvements	
Total - Repairs and Improvements	\$
D5120.1 Bridge Maintenance	\$
D5130.1 Repair of Machinery	\$
D5140.1 Miscellaneous	\$
D5142.1 Snow Removal	
D5148.1 Services, Other Governments	
Total - Snow and Miscellaneous	\$
Total - Highway Fund	\$
A5010.1 Highway Superintendent	\$
Total - General Fund	\$
TOTAL - PAYROLL	\$



**EXHIBIT D**

**GENERAL FUND  
PROJECTED CASH FLOW STATEMENT  
For the year ending \_\_\_\_\_,**

ESTIMATED RECEIPTS	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	TOTAL
Real Property Taxes	\$430,000	\$300,000	\$ 45,000										\$775,000
Non-Property Taxes				\$ 28,750			\$ 27,000			\$ 29,000		\$130,250	215,000
Departmental Income	4,000	4,000	4,000	4,100	\$ 4,200	\$ 4,200	4,300	\$4,100	\$ 4,000	4,200	\$ 4,400	4,500	50,000
State Aid				60,000		6,000	68,000		59,000		8,000	59,000	260,000
Federal Aid					2,500					3,200		44,300	50,000
Short-Term Borrowings									100,000				100,000
All Other	3,800	5,200	4,600	4,900	4,600	4,700	4,500	4,600	4,500	4,600	4,600	4,400	55,000
Total Estimated Receipts	\$437,800	309,200	\$ 53,600	\$ 97,750	\$ 11,300	\$ 14,900	\$103,800	\$ 8,700	\$167,500	\$ 41,000	\$ 17,000	\$242,450	\$1,505,000
<b>ESTIMATED DISBURSEMENTS</b>													
Payrolls	\$ 41,800	\$ 41,600	\$ 41,600	\$ 41,600	\$41,700	\$ 41,800	\$41,800	\$ 41,800	\$ 41,700	\$ 41,600	\$ 41,500	\$ 41,500	\$ 500,000
Employee Benefits	14,700	14,600	14,600	14,600	14,600	14,700	14,700	14,700	14,600	14,500	14,400	14,300	175,000
Debt Service					129,000					27,000			156,000
Short-Term Borrowings Repaid												100,000	100,000
All Other	43,000	42,000	63,000	40,000	40,000	45,000	41,000	43,000	43,000	43,000	41,000	41,000	525,000
Total Estimated Disbursements	99,500	98,200	119,200	96,200	225,300	101,500	97,500	99,500	99,300	116,100	96,900	196,800	1,456,000
Cash Balance Changes	+338,300	+211,000	-65,600	+1,550	-214,000	-86,600	+6,300	-90,800	+68,200	-85,100	-79,900	+45,650	+49,000
Estimated Closing Cash Balance	+407,350	\$618,350	\$552,750	\$554,300	\$340,300	\$253,700	\$260,000	\$169,200	\$237,400	\$152,300	\$ 72,400	\$118,050	\$118,050
Beginning Cash Balance 12/31/87	\$ 69,050												Ending Cash Balance 12/31/88



**EXHIBIT F**

**TOWN OF \_\_\_\_\_**  
**ADMINISTRATIVE UNIT \_\_\_\_\_**

**LIST OF UNPAID OBLIGATIONS**

TO: TOWN SUPERVISOR

The following is a list of all unpaid obligations of this administrative unit as of December 31, 20\_\_.

Appropriation Code No.	P.O. # (If Any)	Vendor or Description	Date Received	Amount or Estimated Amount	(For Fiscal Officer's Use Only)

DEPARTMENT HEAD OR REPRESENTATIVE SUPERVISOR

I certify that the above list is complete.

Signed \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Except as otherwise indicated, appropriation accounts have been encumbered for the above obligations.

Signed \_\_\_\_\_

Date \_\_\_\_\_

# EXHIBIT G

(Print Name and Address of Municipality in this Space)

## CLAIM VOUCHER

DEPARTMENT \_\_\_\_\_

CLAIMANT  
NAME  
AND  
ADDRESS

Purchase Order No. _____	
<b>DO NOT WRITE IN THIS BOX</b>	
Date Voucher Received: _____	
FUND - APPROPRIATION	AMOUNT
TOTAL	
Abstract No. _____	

VOUCHER NO. \_\_\_\_\_

TERMS \_\_\_\_\_

Vendor's Ref. No. \_\_\_\_\_

Dates	Quantity	Description of Material or Services	Unit Price	Amount

I, \_\_\_\_\_ **CLAIMANT CERTIFICATION (Optional)** \_\_\_\_\_, certify that the above amount of \$ \_\_\_\_\_

is true and correct; that the items, services and disbursements charged were rendered to or for the municipality on the dates stated; that no part has been paid or satisfied; that taxes, from which the municipality is exempt, are not included, and that the amount claimed is actually due.

DATE

SIGNATURE

TITLE

(Space Below for Municipal Use)

<p style="text-align: center;"><b>DEPARTMENT APPROVAL</b></p> <p>The above services or materials were rendered or furnished to the municipality on the above dates stated and the charges are correct.</p> <p>_____</p> <p style="text-align: center;">DATE                      AUTHORIZED OFFICIAL</p>	<p style="text-align: center;"><b>APPROVAL FOR PAYMENT (Optional)</b></p> <p>This claim is approved and ordered paid from the appropriations indicated above.</p> <p>_____</p> <p>_____</p> <p style="text-align: center;">DATE                      AUDITING AUTHORITY</p>
--	---

## EXHIBIT G (Cont'd)

### **VOUCHER INSTRUCTIONS (ON REVERSE SIDE)**

**DEPARTMENT OR AGENCY** - Indicate the department that received the services or supplies. Send one copy of the voucher properly completed to that department. Use a separate voucher for charges against each department.

**CLAIMANT NAME AND ADDRESS** - All claimants must print or type their name and address in the space provided for the purpose. The check will be drawn in that name and mailed to that address.

**TERMS** - Show any discounts that are allowed for prompt payment.

**PURCHASE ORDER NO.** - If the vendor requires a reference number, in order to identify the check in payment of this voucher, show such number.

**DESCRIPTION OF MATERIALS OR SERVICES** - All charges must be itemized. In the space provided in the body of the voucher, show where applicable: (1) dates of service or delivery; (2) quantities; (3) description of charges; (4) unit price; (5) amount. If more space is required than is provided, any sheet of paper this size may be used. Bring the total forward to this voucher.

Any company that has its own invoice or bill form may refer to it by number or other identification in the body of the voucher and show the total in the amount column. Attach the form to this voucher.

**CLAIMANT CERTIFICATION** [Optional]- The claimant's certification, if required, must be completed. The date on which the signature is affixed must be given. The title of the person signing must clearly indicate his/her relationship to the client, e.g., sole owner, partner, treasurer, bookkeeper, billing clerk, etc. Notary not required.

**DELIVERY RECEIPTS** - Where applicable, attach delivery slips signed by the municipal employee receiving the materials.

**RETURN VOUCHER PROMPTLY** - In order to expedite payment, this voucher should be returned promptly after the services have been rendered or the materials have been furnished.

**EXHIBIT H**

**ABSTRACT**

Town of \_\_\_\_\_

No. \_\_  
Page

FUND \_\_\_\_\_

Voucher No.	Claimant Name and Address	Appropriation			Amount of Check	Encumbrance		Check No.
		Account	Amount	✓		Number	Amount Liquidated	
	Summary of Accounts							
	Acct. Code	Amount to Be Charged	Totals					
			(1)	Totals				

To the Supervisor:

I certify that the vouchers listed above were audited by the \_\_\_\_\_ on  
*(Town Board or Town Comptroller)*  
\_\_\_\_\_ and allowed to the claimants the amount opposite his/her name.  
*(Date)*

\_\_\_\_\_   
Date

\_\_\_\_\_   
Town Clerk or Town Comptroller

Note: There is no requirement that the Town Clerk or Town Comptroller sign the abstract “certifying” that the vouchers listed were audited and approved for payment. However, many local governments have used this type of abstract and certification format and find the process to be reasonable and appropriate.

# New York State Office of the State Comptroller

## Division of Local Government and School Accountability

# Central Office Directory

(Area code for the following is 518 unless otherwise specified)

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Nathalie N. Carey, Assistant Comptroller	
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<b>Bureau of State Contracts</b> .....	474-4622

**Mailing Address  
for all of the above:**

**Office of the State Comptroller, 110 State St., Albany, New York 12236**

(Zip Code for Retirement System is 12244)

email: [localgov@osc.state.ny.us](mailto:localgov@osc.state.ny.us)

[www.osc.state.ny.us](http://www.osc.state.ny.us)

September 2011

# New York State Office of the State Comptroller

## Division of Local Government and School Accountability

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New York State  
Office of the State Comptroller  
Division of Local Government and School Accountability  
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