



# Town of Greig

---

## Long-Term Planning

**2023M-13 | May 2023**

# Contents

---

- Report Highlights . . . . . 1**
  
- Long-Term Planning . . . . . 2**
  - What is Effective Long-Term Planning? . . . . . 2
  
  - The Board Did Not Establish Long-Term Plans or a Fund  
Balance and Reserve Policy . . . . . 2
  
  - What Do We Recommend? . . . . . 5
  
- Appendix A – Response From Town Officials . . . . . 6**
  
- Appendix B – Audit Methodology and Standards . . . . . 8**
  
- Appendix C – Resources and Services . . . . . 9**

# Report Highlights

## Town of Greig

### Audit Objective

Determine whether the Town of Greig (Town) Board (Board) established long-term plans and financial policies to manage the Town's finances.

### Key Findings

The Board did not establish long-term financial and capital plans or fund balance and reserve policies. As a result, the Board lacks important tools to project current and future operating and capital needs and has not outlined its intentions for financing future capital improvements or equipment purchases. We reviewed the Town's capital assets and found:

- 15 of the 27 pieces of major highway equipment (56 percent) were beyond their optimal useful life.
- Some of the highway equipment beyond optimal useful life had observable damage.

A lack of properly functioning highway equipment contributed to the Town being unable to use more than \$73,000 of available State aid funding as of the end of 2021.

### Key Recommendations

- Develop and adopt long-term written financial and capital plans to help ensure financial resources are available to replace capital assets in a timely manner.
- Develop and adopt a comprehensive written fund balance and reserve policy.

Town officials agreed with our recommendations and have initiated, or they plan to initiate corrective action.

### Background

The Town, located in Lewis County, is governed by an elected five-member Board composed of the Town Supervisor (Supervisor) and four Board members. The Board is responsible for the general management of Town operations and finances, including establishing long-term plans and financial policies.

An elected Highway Superintendent oversees the Highway Department and is primarily responsible for the maintenance and repair of Town roads and highway equipment.

#### Quick Facts

Pieces of Major Highway Equipment	27
Road Miles	57
2021 Year-End Combined General & Highway Fund Unrestricted Fund Balance	\$404,113
2022 Combined General & Highway Fund Appropriations	\$1.04 million

### Audit Period

January 1, 2018 – October 26, 2022

# Long-Term Planning

---

## What is Effective Long-Term Planning?

Long-term planning consists of several components, including the development of long-term financial and capital plans and fund balance and reserve policies. These plans and policies are important tools for a town board to project current and future operating and capital needs, which are important considerations when developing the annual budget.

Long-term plans enable town officials to identify developing revenue and expenditure trends, establish long-term priorities and goals and consider the impact of current budgeting decisions on future fiscal years. Fund balance and reserve policies, in conjunction with long-term plans, provide guidance on optimal funding levels for fund balance and reserves, along with specifying the circumstances under which funds may be used.

When developing long-term plans and establishing optimal fund balance and reserve levels, town officials should consider useful life estimates and the current condition of town equipment, as well as the application and environment in which it will be used. Highway superintendents are required to annually provide to the town board a written inventory list of all machinery, tools, implements and equipment, indicating the value of each item and the estimated cost of all necessary repairs. Highway superintendents are also required to provide to the town board written recommendations as to what machinery, tools, implements and equipment should be purchased and the probable cost. In addition, the highway superintendent and town board must agree, in writing, upon expenditures related to the work to be performed on highways, sluices, culverts, bridges and walks.

## The Board Did Not Establish Long-Term Plans or a Fund Balance and Reserve Policy

The Board did not develop or adopt comprehensive written long-term financial and capital plans. Such plans would be useful tools to outline the Board's intentions for financing future capital improvements, purchasing equipment and maintaining the existing infrastructure. The Board also did not develop or adopt a comprehensive written fund balance and reserve policy, specifying the desired amount of fund balance to be maintained in each fund and indicating needed reserves, funding levels and circumstances under which reserve funds will be used or replenished.

At the end of 2021, the Town had a total unrestricted<sup>1</sup> fund balance of \$404,113 or 39 percent of the next year's budgeted appropriations in the general and highway

---

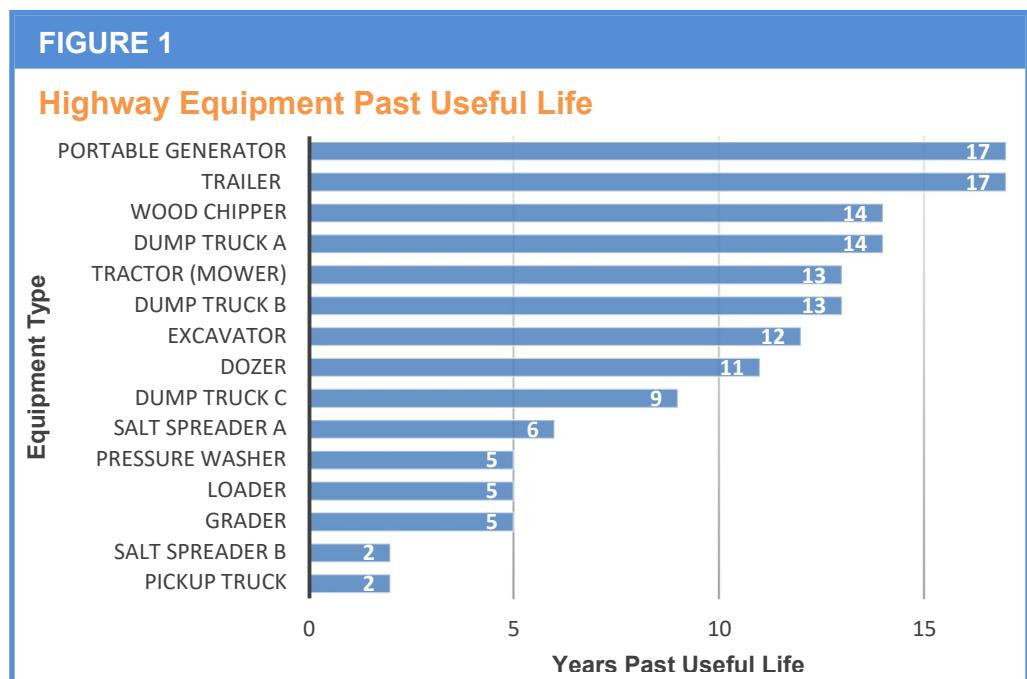
<sup>1</sup> Unrestricted fund balance is the portion of total fund balance that is not restricted for a particular purpose. Unrestricted fund balance may be used to pay for unexpected occurrences and/or to provide cash flow or may be set aside in reserves for future needs. It is the Board's responsibility to determine what is a reasonable level after considering factors like the timing of receipts and disbursements and the volatility of revenues and expenditures.

funds combined. None of this amount was reserved for any purpose, and without long-term plans or a fund balance and reserve policy, the Board had no way to determine whether the amount of unrestricted fund balance was appropriate or enough to ensure financial resources would be available to finance future operational and capital needs.

The Town's significant capital assets include three buildings and the Highway Department's vehicles and equipment. While the Highway Superintendent maintains a written inventory list of all highway vehicles and equipment, this list was not shared with the Board each year as required. Furthermore, the Highway Superintendent did not annually submit a written recommendation to the Board as to what machinery, tools, implements and equipment should be purchased or make an agreement with the Board, in writing, on expenditures related to the work to be performed on highways, sluices, culverts, bridges and walks. The Highway Superintendent stated he was not aware of these requirements, but he verbally communicated the status of the vehicles and equipment, recommendations for purchases and plan for road repairs to the Board each year. The Supervisor confirmed that the Highway Superintendent verbally communicated the information to the Board each year. Other Board members indicated they were aware that some of the Town's highway equipment was in poor condition.

The Town's buildings are all less than 30 years old and according to officials are generally in good condition. However, of the Town's 27 pieces of major highway equipment, 15 pieces, or more than half (56 percent) were beyond their optimal useful life (Figure 1).<sup>2</sup>

...[T]he Board had no way to determine whether the amount of unrestricted fund balance was appropriate or enough to ensure financial resources would be available to finance future operational and capital needs.



<sup>2</sup> Useful life of vehicles and equipment were based on the New York State Department of Transportation 2014 publication for Consolidated Local Street and Highway Improvement Program (CHIPS) reimbursements.

During fieldwork we observed vehicles and equipment with extensive rust or other damage which could limit their usefulness (Figure 2). In addition, the Highway Superintendent stated that, partly due to a lack of properly functioning highway equipment, he was unable to use all available Consolidated Local Street and Highway Improvement Program (CHIPS) State aid funding each year. At the end of 2021, the Town had \$73,782 of roll-over CHIPS funding from prior years that had yet to be used.

**FIGURE 2**

**Highway Equipment Past Useful Life: Wood Chipper (left), Excavator (center) and Loader (right).<sup>a</sup>**



a) These photos were taken by Office of the State Comptroller auditors with permission of the Town on June 23 and July 21, 2022.

Without written long-term plans and fund balance and reserve policies, it may be difficult for the Board to determine the Town's future capital needs and ensure financial resources are available to meet those needs. Furthermore, if multiple pieces of equipment failed, the Town may not be able to provide the necessary services to residents and may face significant unfunded future expenditures. We provided Town officials with the *Capital Assets*,<sup>3</sup> *Multiyear Capital Planning*,<sup>4</sup> and *Multiyear Financial Planning*<sup>5</sup> Local Government Management Guides to assist them with managing the Town's capital assets and their long-term planning efforts.

3 <https://www.osc.state.ny.us/files/local-government/publications/pdf/capital-assets.pdf>

4 <https://www.osc.state.ny.us/files/local-government/publications/pdf/multiyear-capital-planning.pdf>

5 <https://www.osc.state.ny.us/files/local-government/publications/pdf/multiyear-financial-planning.pdf>

---

## What Do We Recommend?

The Board should develop and adopt:

1. Long-term written financial and capital plans to help ensure financial resources are available to replace capital assets in a timely manner.
2. A comprehensive written fund balance and reserve policy, specifying the desired amount of fund balance to be maintained and indicating needed reserves, funding levels and circumstances under which reserve funds will be used or replenished.

The Highway Superintendent should:

3. Annually provide the Board with the required written inventory list and recommendations for the purchase of machinery and equipment along with the probable cost.

The Board and Highway Superintendent should:

4. Annually enter into a written agreement that specifies how funds for highway repairs and improvements are to be used.

# Appendix A: Response From Town Officials

---

**TOWN OF GREIG**  
5186 Greig Road,  
Greig, New York 13345  
mpatter@twcny.rr 315-348-8272

May 2, 2023

Rebecca Wilcox, Chief of Audits  
Office of the New York State Comptroller  
State Office Building, Room 409  
333 East Washington Street  
Syracuse, New York 13202-1428

VIA FIRST CLASS MAIL AND EMAIL TO [REDACTED]

RE: Town of Greig, Draft Report of Examination 2023M-13

Dear Ms. Wilcox:

The Town of Greig, including all Councilors of the Board, the Town Supervisor, and the Highway Superintendent are in receipt of the above-referenced draft report. We elected officials of the Town of Greig are in broad agreement with the findings in the draft report.

Over the last year, we have spent many meetings managing equipment crises emerging from the Highway Department, no doubt due to the aging equipment documented in your report. The Town agrees that long-term financial planning and prudent use of fund balance and reserve funds would mitigate the equipment issues to which we have often responded over the last year.

The draft report has given the Town useful guidance on how to proceed so that the Highway Superintendent and the entire Highway Department will have the proper foundation of financial stability to successfully maintain the Town's fifty-seven miles of road. The Town has already begun the process of developing a long term financial plan, with the specific goals of planning for the replacement of highway equipment and for the repair or improvement of the Town's three buildings.


Furthermore, it is the Town's intention that all recommendations of the draft report will be addressed, including the aforementioned financial plan, development of a fund balance and capital reserve fund policy, ensuring there is annual written documentation of the Highway Department's inventory, and the annual execution of a formal agreement between the Town Board and the Highway Superintendent detailing expected revenues and expenditures pursuant to Highway Law § 284.




---

After issuance of the final report, the town will provide a Corrective Action Plan (CAP), with supporting documentation as relevant, that addresses in detail all of your office's recommendations, with specific plans of implementation and identification of those officials responsible for successful implementation.

Respectfully yours,

  
Marilyn Patterson  
Town Supervisor

Ken Kirkbride  
Highway Superintendent  


## Appendix B: Audit Methodology and Standards

---

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials to gain an understanding of the Town's financial management and determine whether written long-term plans and fund balance and reserve policies were developed and adopted. We also determined whether the Highway Superintendent provided the Board with the required written inventory list and recommendations for the purchase of equipment and whether the Board and Highway Superintendent entered into an agreement for the repair and improvement of highways.
- We interviewed Town officials to determine the Town's capital assets and toured the Highway Department facilities to view major highway vehicles and equipment. We compared the Highway Superintendent's written inventory list of all highway vehicles and equipment to insurance policy records and examiner observations to determine whether the list was accurate and complete. We then compared the age of listed assets to the New York State Department of Transportation equipment useful life schedule to determine whether any assets were beyond their optimal useful life.
- We reviewed fund balance in both the general and highways funds as of December 31, 2021, to determine whether any amounts were held in reserves and calculated the unrestricted fund balance as a percentage of the next year's budgeted appropriations.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Town Clerk's office.

## Appendix C: Resources and Services

---

### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/local-government/fiscal-monitoring](http://www.osc.state.ny.us/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/local-government/resources/planning-resources](http://www.osc.state.ny.us/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/local-government/required-reporting](http://www.osc.state.ny.us/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

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

Local Government and School Accountability Help Line: (866) 321-8503

**SYRACUSE REGIONAL OFFICE** – Rebecca Wilcox, Chief of Municipal Audits

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel (315) 428-4192 • Fax (315) 426-2119 • Email: [Muni-Syracuse@osc.ny.gov](mailto:Muni-Syracuse@osc.ny.gov)

Serving: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence counties

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

