Office of the NEW YORK STATE

COMPTROLLER

2016 Annual Report On Local Governments

NYS Comptroller

THOMAS P. DiNAPOLI

JANUARY 2017

Table of Contents

2016

Mission and Goals

The Division of Local Government and School Accountability's mission is to serve taxpayers' interests by improving the fiscal management of local governments and schools in New York State.

To achieve our mission we have developed the following goals:

- Enable and encourage local government and school officials to maintain or improve fiscal health by increasing efficiency and effectiveness, managing costs, improving service delivery, and accounting for and protecting assets.
- Promote government reform and foster good governance in communities statewide by providing local government and school officials with up-to-date information and expert technical assistance.

A Message From
New York State Comptroller Thomas P. DiNapoli

As State Comptroller, it is one of my responsibilities to present the public with an annual view of local government finances. This has evolved into a year-round activity in this age of open digital sharing, as my office continues to put more helpful information online. Our website has a wealth of local government financial data, downloadable in many different formats, and updated on an ongoing basis.

To complement the hard numbers, this Annual Report seeks to highlight some of the year's important policy developments and trends for local governments. It is my hope that the analyses presented help guide readers to a better understanding of the challenges and successes of the State's local government sector. These are the places where everyday decisions often have the greatest immediate impact.

In 2016, my office continued its work to promote the efficient use of taxpayers' dollars in many ways ranging from completing over 500 audits to training over 10,000 local government officials and staff. Additionally, we have made efforts to shine the spotlight on specific types of local government, such as fire districts. We have focused greater attention on the economies of specific regions of the State, starting with the Mid-Hudson region, just north of New York City, and Central New York including both Syracuse and a number of rural upstate communities. Local governments across the State are struggling to counter cybersecurity threats. Spotting the serious risks, we expanded our efforts to inform local officials and staff, analyze the evolving problem and identify best practices.

Our Fiscal Stress Monitoring System, which helps alert local governments and citizens to serious fiscal stress conditions in their communities, has been in operation four successful years now. Work is currently underway to engage local officials, government associations and other stakeholders to determine if there are improvements that can make it even better. In fact, we have initiated a public comment period through January 31, 2017.

The Agency's Division of Local Government and School Accountability is committed to helping our local officials and citizens alike face the challenges and opportunities ahead. I hope you find this report useful, and encourage you to visit our website and to follow us on Facebook, Twitter and YouTube for updates on the work we are doing.

Sincerely,

Thomas P. DiNapoli
State Comptroller

Executive Summary

New York's local governments and school districts face an evolving set of challenges. Sales tax revenue growth outside of New York City has been slowing for the last few years. In addition, State revenue sharing aid for municipalities has remained flat and the State's tax cap and tax freeze initiatives have continued to put pressure on governments to contain growth in property tax levies. At the same time, health care and other costs continue to put upward pressure on budgets.

Despite these challenges, most local governments have been able to balance budgets, even while many have expressed concern that the quality of local services may be suffering. The Comptroller's Fiscal Stress Monitoring System, now entering its fourth year of tracking local government budget solvency, has reported that only a small number of local governments are showing notable signs of such stress, and even fewer appear to be suffering from chronic fiscal stress.

As local governments head into 2017, some economic indicators point to a slowdown. Statewide real gross domestic product growth was just 0.1 percent for the second quarter of 2016 compared to 5.6 percent for the first quarter of 2016.[1] State tax collections for the first half of State Fiscal Year (SFY) 2016-17 were nearly $919 million below Enacted Budget projections.[2]

The new administration in Washington contributes to uncertainty for local governments. Hints are emerging about possible major policy shifts in areas ranging from infrastructure investments to healthcare programs; however, as yet, there is little detail available regarding the types of program and policy changes under consideration.

As local governments adapt to changing circumstances, the Office of the New York State Comptroller (OSC) continues to be a useful resource. Audits of local governments and school districts give officials information and recommendations to address specific areas of concern. In addition, OSC offers a wide array of in-person and online training and management guides for local officials. OSC's Division of Local Government and School Accountability (LGSA) also conducts research on topics that affect local governments and their residents and businesses, ranging from the effects of foreclosures and land banks on local housing markets to descriptions of regional economies. Finally, OSC continues to lead the way in posting local government data on its website.

The State of Local Governments

New York's local governments continue to face significant constraints in revenue growth, making it difficult for them to maintain services while keeping pace with rising fixed costs, such as health care.

Local Government Revenues

For local fiscal years ending (FYE) in 2015, New York's local governments reported $76.4 billion in revenues.[3] By far, the largest revenue source overall is real property taxes, assessments and related items, which accounted for 44 percent of the total.[4] State aid accounted for 23 percent of revenues, and sales and use taxes amounted to 12 percent. (See Figure 1.)

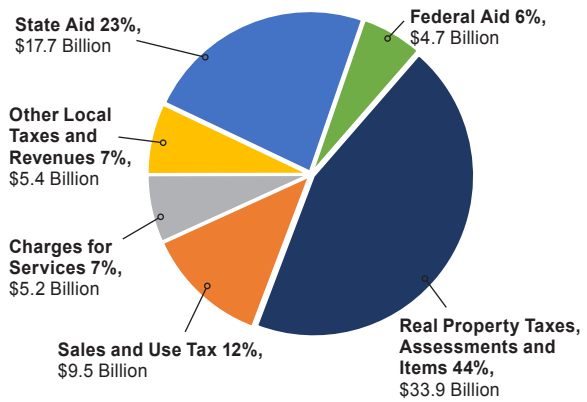
The mix of revenue sources varies substantially by local government type.

- For counties, sales and use taxes make up the largest share of revenues (33 percent), while real property taxes account for the next largest share.
- Towns and villages rely on real property taxes for roughly half of their revenues.
- School districts, in aggregate, get well over half of their revenues (56 percent) from real property taxes, and rely on State aid for over one-third of their revenues.
- Fire districts rely nearly exclusively on real property taxes.

Figure 1

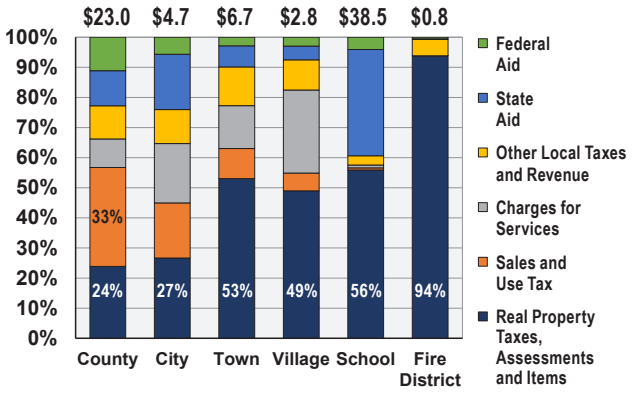
Real Property Taxes Account for the Greatest Share of Local Government Revenues; However, Revenue Mix Varies Depending on Type of Local Government

Revenues by Source,
Fiscal Year Ending (FYE) 2015,
Total Revenues: $76.4 Billion



Source: Office of the New York State Comptroller (OSC).
Includes counties, cities, towns, villages, fire districts and school districts; excludes New York City. Percentages do not sum to 100 percent due to rounding.

Revenue Sources by Class,
Fiscal Year Ending (FYE) 2015
(Billions of Dollars)



Source: OSC.

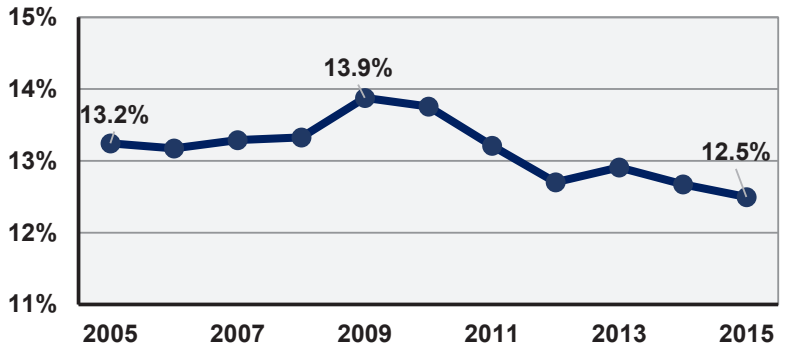
Viewed in relation to personal income, local government revenues are in decline. Revenues represented 12.5 percent of personal income in 2015. This is down slightly from nearly 14 percent in 2009 and 2010. (See Figure 2.)

Revenue growth has been slowing in recent years. In aggregate, revenue for local governments grew by 7.1 percent over the prior year for FYE 2007, and school district revenue grew by 6.5 percent in school year (SY) 2006-07. The recession of 2008-2009 depressed a number of major local revenue sources at varying times from late 2008 to 2011. However, even in recent years, revenue growth for local governments and schools has stayed low, not exceeding 3.1 percent in any given year. (See Figure 3.)

Figure 2

Local Government Revenues as a Percentage of Personal Income Have Been Trending Downward

Local Government Revenues as a Percentage of Personal Income, 2005 to 2015

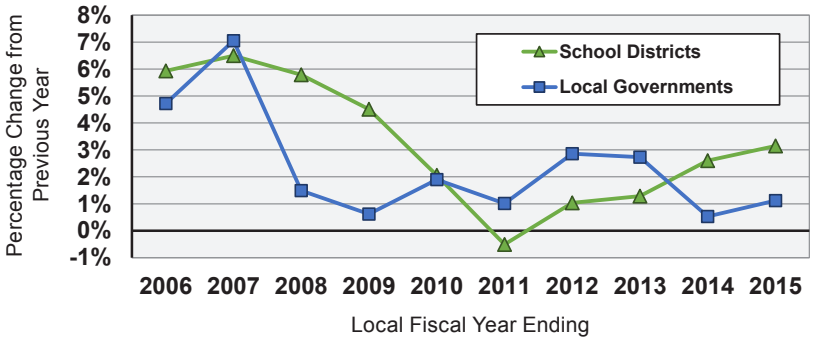


Source: OSC and the U.S. Bureau of Economic Analysis with OSC calculations. Includes counties, cities, towns, villages, fire districts and school districts. Excludes New York City.

Figure 3

Revenue Growth Is Still Slower than Pre-Recession Rates

Year-Over-Year Change in Total Revenues



Source: OSC. Local governments include counties, cities, towns and villages. 2015 data includes estimates for some local governments.

Property Tax Growth Affected by Tax Cap and Freeze

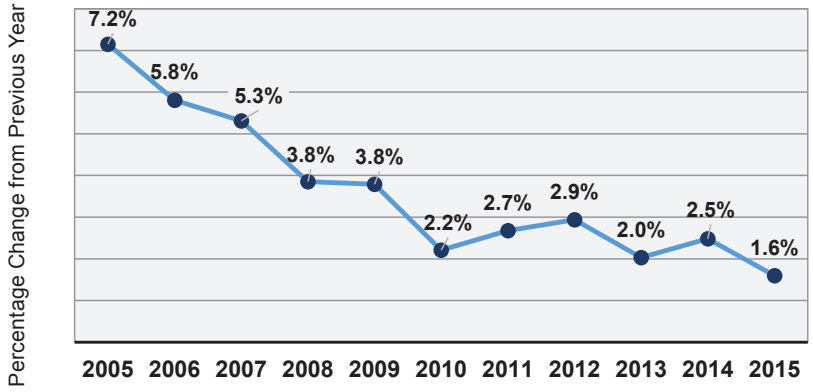
One factor affecting revenue growth in recent years has been the property tax levy limit (commonly called the "tax cap"), which was enacted in 2011 and took effect for local fiscal years beginning in 2012.[5] The tax cap is intended to help address the impact of real property tax increases on property owners. The law generally limits the levy growth to the lesser of 2 percent or the rate of inflation, with some exceptions.[6]

- Annual increases in property tax levy have been below 3 percent since 2010, lower than pre-recession growth levels. (See Figure 4.)[7]
- In recent years, the tax cap's allowable levy growth factor (inflation adjustment) has been substantially less than 2 percent.
- The tax freeze affected fiscal years beginning (FYB) 2015 and 2016 for local governments and FYB 2014 and 2015 for school districts. This program increased the stakes for localities to stay under the cap because it provided property tax freeze credits to taxpayers living in jurisdictions that stayed within the tax cap.

Figure 4

Property Tax Levy Growth Has Slowed Substantially since 2005

Percentage Change in Property Tax Levy from Prior Year
(All Local Governments)



Source: OSC. Due to definitional changes, the 2015 tax levy is not directly comparable to 2014 and years prior.

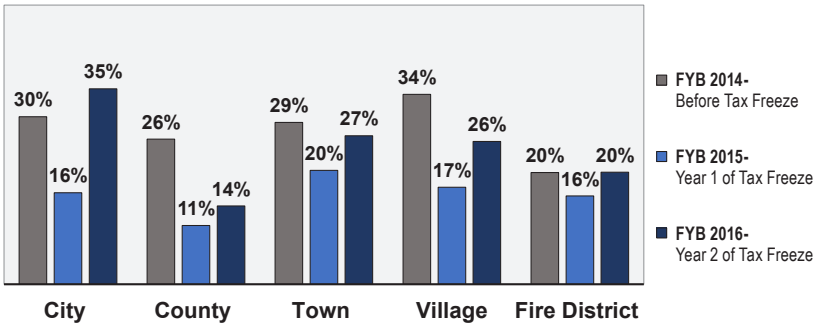
- The percentage of local governments indicating that they planned to override the cap decreased in the first year of the freeze, compared with levels in the pre-freeze year, but then increased in the second year. This suggests that many localities were unable to sustain the low growth rates that the tax cap required in subsequent years. (See Figure 5.)

- School districts will continue to face pressure to stay within the cap as a result of the recently enacted property tax relief credit program. This four-year program (starting with FYB 2016) generally provides tax credit checks to certain taxpayers residing in STAR-eligible properties, as long as the school districts stay within the property tax cap.

Figure 5

Initially, the Two-Year Tax Freeze Dampened the Number of Tax Cap Overrides, but in the Second Year Overrides Ticked Up

Percentage of Local Governments Reporting a Plan to Override the Tax Cap Before and During the Tax Freeze



Source: OSC. "FYB" stands for "fiscal year beginning."

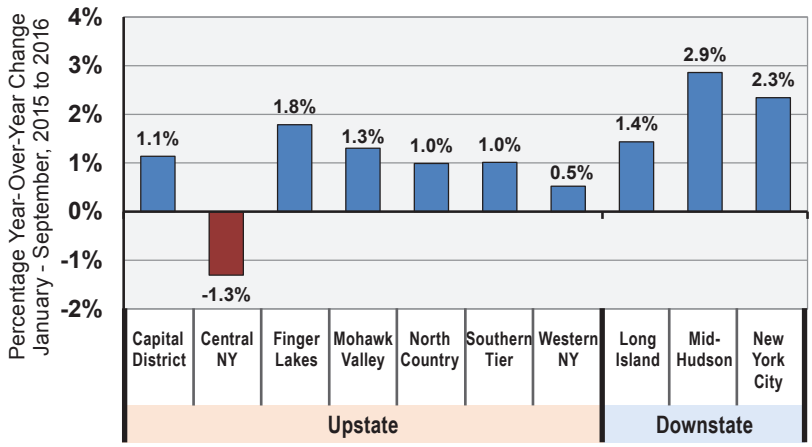
Sales Tax Collections Growth Slowing in Most of the State

Sales taxes are an important source of local revenues for counties and cities. Slowing growth in this revenue source is constraining budgets for many of these local governments. The notable exceptions to this downward trend are New York City and the Mid-Hudson region.

- Local sales tax collections increased by $552 million, or 3.6 percent, from 2014 to 2015.
- The growth rate dropped to 1.8 percent, for the first nine months of 2016. Regional growth rates varied, as illustrated in Figure 6.
- A noticeable difference between growth in sales tax collections in New York City compared to all other local jurisdictions in the State has been evident since 2012. The growth in New York City's collections has increased from over 4 percent annually to about 6 percent annually. For the rest of local jurisdictions together, growth in collections has fallen from 4 percent annually to around 1 percent.

Figure 6

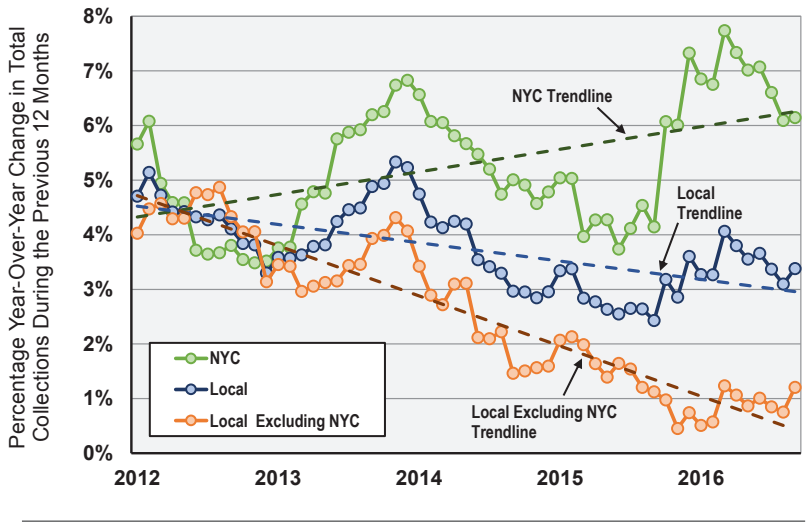
2016 Sales Tax Collections Outside of New York City and the Mid-Hudson Region Grew Very Little and Central New York's Dropped



Source: New York State Department of Taxation and Finance. Includes county and city sales taxes.

Figure 7

Since 2012, Sales Tax Collections Have Been Trending Up in New York City and Down in the Rest of the State



Source: New York State Department of Taxation and Finance.

State Aid Changes

Municipalities See Modest Increases in State Funding

Direct State aid for municipalities has generally not kept pace with inflation. Unrestricted State funding for municipalities through Aid and Incentives for Municipalities (AIM) has remained flat at $715 million since SFY 2011-12. New York City has not received AIM since its allocation was eliminated in SFY 2010-11.

However, large monetary settlements with banks and other financial institutions have augmented State revenues, and the SFY 2016-17 budget included some increases in funding for programs that could help local governments.

- Localities are getting additional funding for local roads. Funding for the Consolidated Local Street and Highway Improvement Program (CHIPS) was flat at $438 million in the 2016-17 State budget. However the PAVE-NY program is providing an additional $100 million to municipalities for local roads and highways annually through SFY 2019-20.[8]
- Funding for municipalities for water infrastructure has increased as a result of the New York State Water Infrastructure Improvement Act of 2015. A total of $400 million has been appropriated for this revolving loan program over two budget years.

School Districts: New Focus on Foundation Aid Expected

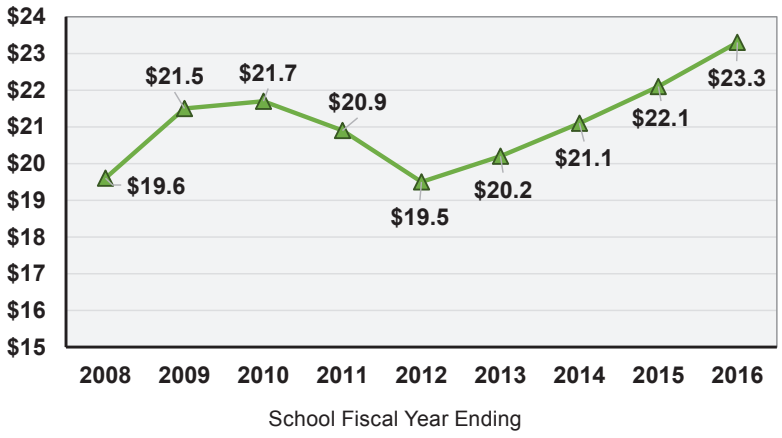
State aid to school districts for SY 2015-16 was $23.3 billion and appropriations for 2016-17 total $24.8 billion.[9] Aid has increased steadily since SY 2011-12.[10] The SFY 2016-17 budget reduced to zero the Gap Elimination Adjustment (GEA), although the statutory authorization remains in place. The GEA is a negative adjustment in each district's net State aid, first imposed in SFY 2010-11 to deal with the State's anticipated budget shortfall that year.[11]

With the GEA gone, the focus in the SFY 2017-18 budget is expected to shift to the State's Foundation Aid formula.[12] Foundation Aid was established in SY 2007-08 to drive more aid to school districts based on a combination of student need and school district ability to fund education through local revenues. The SFY 2007-08 budget envisioned a full phase-in of this aid at $18.1 billion by SY 2010-11; SY 2016-17 funding was $16.5 billion.[13] In addition, parts of the formula are based on data available as of 2007, and thus may no longer reflect current levels of student need and school districts' fiscal capacity. Accordingly, both the amount of State aid for schools and the way it is distributed are receiving significant attention from the Board of Regents and State legislators. The Regents have proposed increasing Foundation Aid by $1.47 billion in SY 2017-18 and updating some of the formula components to better reflect current levels of student need and school district wealth.[14]

Figure 8

State Aid for Public Schools Has Been on the Rise Since SY 2011-12

Total State Aid For School Districts
SY 2007-08 to 2015-16, Includes New York City (In Billions)



Source: New York State Division of Budget (DOB), *Description of New York State School Aid Programs* (2007-08 to 2016-17) Table II-A. Includes some federal funds provided through the American Recovery and Reinvestment Act and the Education Jobs Fund Program.

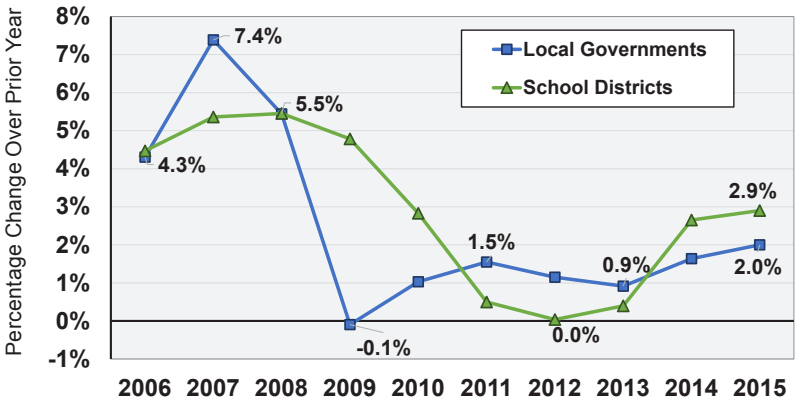
Expenditures

In local governments, expenditure growth over the prior year has remained somewhere between 1 and 2 percent since FYE 2010. Local government associations attribute this largely to the revenue constraints noted above. Again, school districts showed a slightly different pattern than other local governments, with expenditure growth slowing later and increasing more in the last couple of years, as State aid to schools has been increasing. (See Figure 9.)

Figure 9

Slower Growth in Revenues Translates to Slower Growth in Expenditures

Year-Over-Year Change in Expenditures, Local Governments vs. School Districts
Fiscal Years Ending 2006-2015



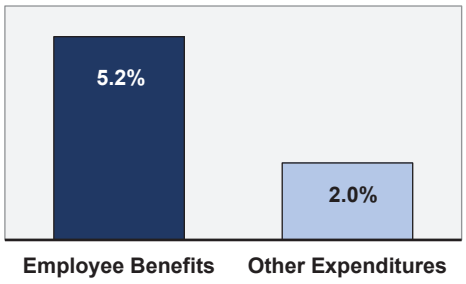
Source: OSC. Local governments include counties, cities, towns and villages. 2015 data includes estimates for some local governments.

Figure 10

Employee Benefit Growth Continues to Outpace Other Expenditures

Spending on Employee Benefits Has Been Growing Much Faster than Other Spending

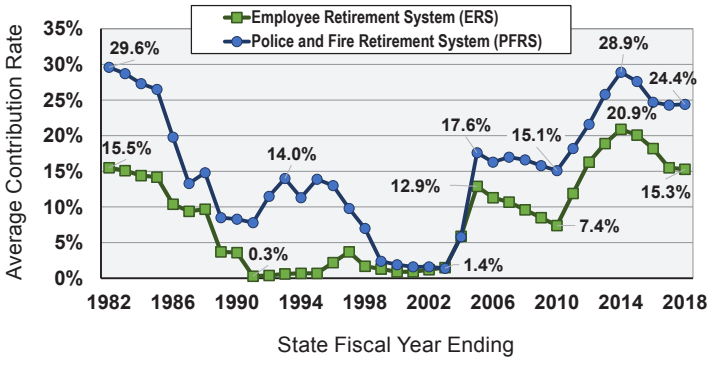
Compound Annual Growth in Employee Benefits Compared to Other Expenditures Fiscal Years Ending 2005 to 2015



Source: OSC. Includes all counties, cities, towns, villages, fire districts and school districts outside New York City.

Employer Pension Contribution Rates as a Percentage of Payroll Have Moderated Recently

Pension Fund Employer Contribution Rates, SFY 1982 to SFY 2018



Source: OSC.

Employee Benefit Growth Continues to Outpace Other Expenditures

Over the past ten years, spending on benefits has grown at a rate of 5.2 percent annually, compared to 2.0 percent for other expenditures. (See Figure 10.) Employee benefits accounted for 20 percent of local government spending for the fiscal year ending in 2015. (For other components, see Figure 11.)

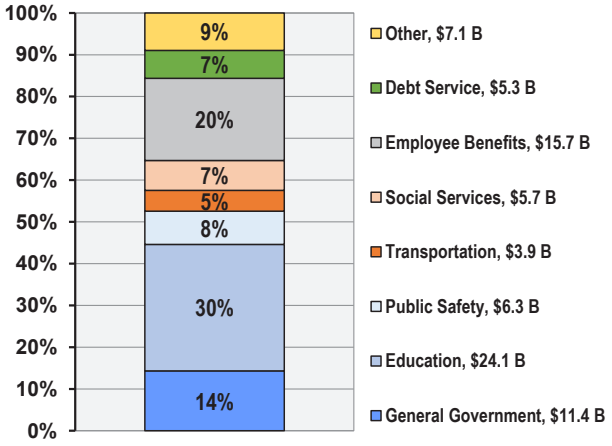
- Increasing health insurance rates are straining local government budgets. Between 2005 and 2015, school district expenditures for employee health insurance rose 63 percent, or about 5 percent per year.[15] According to recent news stories, some local governments are having to adjust their budgets this year due to higher-than-expected health plan contribution rates.[16] Some may try to override the tax cap in order to pay increased health insurance premiums.

- Pension contribution rates also had some effect on benefit growth over the decade, although they have dropped slightly since peaking in SFY 2013-14, and are stable for SFY 2017-18. Rates are determined based on actuarial assumptions. Volatility in financial markets often results in rate changes, but the New York State and Local Retirement System remains one of the strongest and best-funded public pension plans in the country, which is a long-term benefit to local governments and their employees.[17]

Figure 11

Employee Benefits Account for One Fifth of Local Government Spending

Expenditures by Function,
Fiscal Year Ending (FYE) 2015
Total Expenditures: $79.5 Billion



Source: OSC. Includes counties, cities, towns, villages, fire districts and school districts; excludes New York City.

Fiscal Stress Affects Some Local Governments

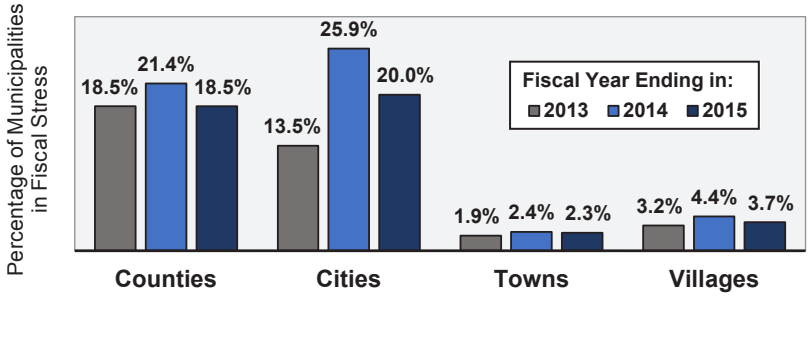
OSC's Fiscal Stress Monitoring System (FSMS) is entering its fourth year of evaluating the budgetary solvency of New York's local governments and school districts.[18] Several other states have looked to New York's FSMS as a model and resource in designing their own fiscal stress early warning systems. Results from the past three years of data collection show:

- Relatively few local governments show signs of fiscal stress in any given year. However, the risk of stress seems to vary significantly by type of local government. Only 2.3 percent of towns and 3.7 percent of villages showed signs of fiscal stress for the fiscal year ending in 2015. In contrast, counties and cities were more likely to experience some level of fiscal stress (18.5 percent of counties and 20.0 percent of cities). (See Figure 12.)
- For each of the last three school years, between 12 and 13 percent of school districts overall have been designated as in fiscal stress.
- Now that several years of scores are available, it is possible to identify local governments that are experiencing chronic fiscal stress. The FSMS indicates that 19 local governments and 32 school districts have been in some level of fiscal stress for the last three years.[19]

As OSC has gained experience with the indicators, potential opportunities to refine and improve the measurements and scoring system to make it an even more accurate predictor of fiscal stress are under consideration. OSC has solicited public comments on possible changes to FSMS, which will be followed by a thorough review process.

Figure 12

Counties and Cities Are More Likely to Experience Fiscal Stress than Towns and Villages



Source: OSC. This analysis includes only municipalities that filed conclusive data with OSC in time to receive a fiscal stress score.

Signs of Progress in the Fight Against Blight

Many municipalities are still struggling with the effects of the collapse of the housing bubble nearly a decade ago. Along with declines in home values and other factors, New York's long foreclosure timelines have contributed to a rise in vacant properties in some economically distressed real property markets. In some cases, lengthy foreclosure processes can lead to neglected or abandoned properties, leaving municipalities with growing areas of blight.[20]

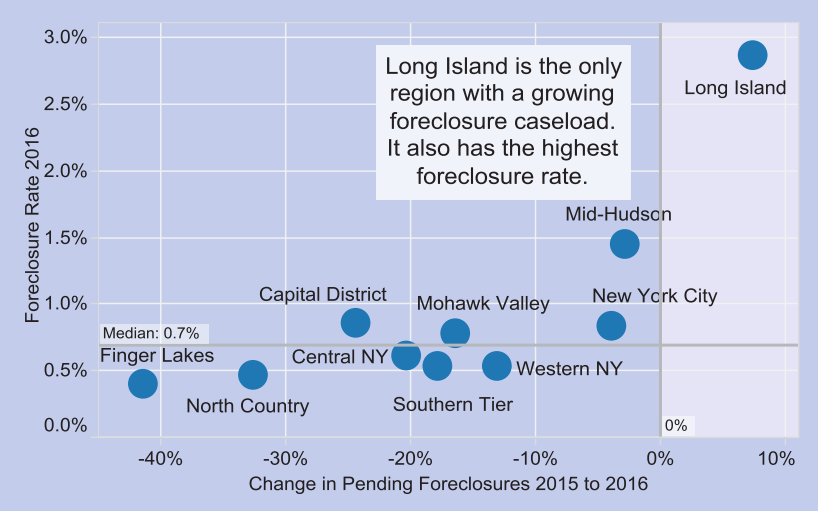
Over the past year, evidence suggests that the State's courts are making progress reducing their foreclosure backlogs. Court data indicates that the mortgage foreclosure caseload is falling in most areas of the State. Long Island is the only region where the caseload grew over the twelve months ending in early 2016.[21] (See Figure 13.)

Figure 13

Mortgage Foreclosure Activity Declines in All Regions Except Long Island

Mortgage foreclosure activity shows signs of abating across most of the State. From 2014 to 2015, new mortgage foreclosure filings fell by 7.5 percent. The pending caseload is also falling in all regions except Long Island, which has the highest foreclosure rate, measured as a percentage of housing units.

Change in Pending Mortgage Foreclosure Caseload vs. Foreclosure Rate



Source: New York State Unified Court System and U.S. Census Bureau with OSC calculations. The foreclosure rate represents pending mortgage foreclosures as a percentage of housing units. Housing unit data is from the American Community Survey (five-year, 2013). Foreclosure data is based on snapshots from Term 1 of the court calendar.

New York Looks to Land Banks to Combat Blight

Land banks offer a way for municipalities to return unwanted properties to productive use. In New York, land banks are not-for-profit corporations first authorized by State legislation enacted in 2011. Land banks generally acquire distressed properties that have failed to attract a responsible buyer.

- Many demolish severely dilapidated properties and offer to sell the resulting vacant lots to adjoining homeowners who will maintain them.
- Most also work to redevelop some properties or sell them to owners who commit to redeveloping them.
- Some assemble parcels for strategic redevelopment or recreational use.

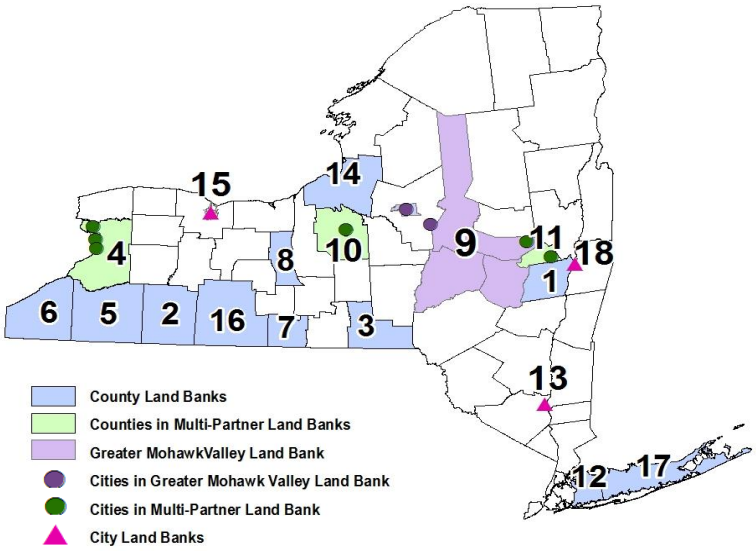
As of October, 2016, New York had 18 land banks, as shown in Figure 14, although current law authorizes the establishment of up to 20.[22]

Funding is an ongoing challenge for land banks. Since they deal primarily with distressed properties, generating enough operating revenues from the sale of the properties they acquire to sustain their activities can be challenging. Consequently, land banks generally rely heavily on grants and subsidies.

See the following "Legislation Affecting Local Governments" section for information on recently enacted legislation intended to help municipalities address blight.

Figure 14

New York State Land Banks (As of October, 2016)



1 Albany County Land Bank
2 Allegany County Land Bank
3 Broome County Land Bank
4 Buffalo Erie Niagara Land Improvement Corporation
5 Cattaraugus County Land Bank
6 Chautauqua County Land Bank
7 Chemung County Property Development Corporation
8 Finger Lakes Regional Land Bank
9 Greater Mohawk Valley Land Bank
10 Greater Syracuse Property Development Corporation (also known as the Greater Syracuse Land Bank)
11 Land Reutilization Corporation of the Capital Region (also known as the Capital Region Land Bank)
12 Nassau County Land Bank
13 Newburgh Community Land Bank
14 Oswego County Land Bank Corporation
15 Rochester Land Bank
16 Steuben County Land Bank Corporation
17 Suffolk County Landbank Corporation
18 Troy Community Land Bank

Source: Empire State Development Corporation (ESDC), land bank documents. Land banks approved by ESDC as of October 2016.

Legislation Affecting Local Governments

Recently Enacted Legislation

Zombie Property Law to Help Local Governments Combat Blight

(Chapter 73 of the Laws of 2016)

In 2016, as part of an omnibus bill, legislation was enacted to help local governments address issues arising from vacant, abandoned properties, often referred to as "zombie properties."[23] The legislation requires certain financial institutions to secure and maintain vacant, abandoned properties with seriously delinquent mortgages and report information about those properties to a statewide vacant property registry. Other provisions allow the foreclosure process to be expedited under certain circumstances and help ensure that homeowners facing foreclosure understand their rights and responsibilities. The legislation pre-empts certain local laws.

Land Banks May Form Subsidiaries

(Chapter 338 of the Laws of 2016)

Legislation passed amending Section 1607 of the Not-for-Profit Corporation Law to allow land banks to form subsidiaries to hold title to real property. This is intended to protect land banks from liability on certain properties.

Land Banks Exempt from Certain Special Levies and Assessments

(Chapter 441 of the Laws of 2016)

This bill makes land banks exempt from certain ad valorem levies (i.e., levies proportionate to the value of the property) and special assessments. They were already exempt from real property taxes.

OSC Enacted Legislation

- **Increasing Transparency in School District Operations**
  (Chapter 514 of the Laws of 2016)

  Effective July 1, 2017, this will amend Education Law to require:

  (1) a schedule of reserve funds as part of the annual Real Property Tax Report Card, setting forth the name of each reserve fund, a description of its purpose, the balance as of the close of the third quarter of the current fiscal year and a brief statement explaining any plans for use of the fund for the ensuing fiscal year,

  (2) express authorization by board resolution for payments or transfers into reserve funds and

  (3) district website posting of external audit reports, any corrective action plan prepared in response to findings contained in the report or management letter, any final audit report issued by the State Comptroller, final budgets and any multi-year financial plans.

School Districts and Boards of Cooperative Educational Services (BOCES) Must Test Drinking Water for Lead Contamination

(Chapter 296 of the Laws of 2016)

As noted in the Memorandum in Support of this Legislation, high levels of lead in the blood can cause permanent brain damage and impair children's ability to learn. This new law amends the Public Health Law to require that school districts and BOCES conduct periodic testing of potable water in occupied buildings to monitor for lead contamination, and to make the results public. It also allows for a portion of the cost of testing and remediation of lead contamination to be reimbursed by the State.[24]

OSC Legislative Proposals

Comptroller DiNapoli regularly advances legislative proposals to increase local government transparency and accountability. His current proposals affecting local governments include:

- **Granting OSC authority to audit local development corporations (LDCs)** and certain other organizations controlled by municipal corporations and certain other governmental entities (A.7056-A/S.5690-A)
- **Authorizing local governments to establish trusts for other post-employment benefits (OPEB)** (A.5525/S.5111-A)
- **Strengthening ethics law covering local governments** (A.7669-A)

More information about these proposals is available on the OSC website at: **www.osc.state.ny.us/legislation/index.htm**

Services and Resources

Audits and Oversight

The Division helps to advance government reform and transparency through its audit and technical assistance function all around the State. The Division is able to provide local officials and residents with an independent analysis of their local governments' financial condition, ways to achieve cost savings and efficiencies and methods to improve controls over operations and assets.

The Division issued **551** audits of local governments, school districts and local public authorities in 2016.

159 financial condition audits found ineffective budgeting practices, excessive fund balance and inadequate policies, records and reports.

11 accountability audits identified more than **$352,000** of misappropriated local government assets.

440 property tax cap calculation reviews were conducted to help local governments comply with the tax cap law.

Our Audit Work

95 audits identified school districts that had retained excess or improper reserves.

In **123** audits we found school districts and local governments had retained excess fund balance.

Poor budgeting practices were cited in **132** audits of school districts and local governments.

29 Information Technology (IT) Security Audits and **20** confidential IT letters revealed weaknesses including unauthorized access to confidential information, inappropriate use and exposure to ransomware threats.

76 audits recommended cost saving and revenue enhancement measures worth more than **$48.8** million, cumulatively.

27 local governments and schools exceeded their tax cap limits without a proper override.

Financial Condition Audit Highlights:

One school district overfunded several reserves by a total of $18.1 million over four years.

$18.1 million

70%

Another school district ran a deficit for four years, depleting its fund balance by 70 percent.

A city drew down the fund balance in its water fund by $6.1 million (67 percent) over three years by making repeated transfers from it into the general fund to subsidize the city's operations.

$6.1 million

Accountability Audit Highlights:

One fire district's board chair was able to write and cash more than $240,000 in inappropriate checks intended for the district's contracted architect. The district also made nearly $650,000 in insufficiently documented payments.

$240,000

$650,000

Statewide Audits and Regional Projects:

LGSA undertakes audits and projects involving several local governments in a region or statewide. Topics have included housing authority internal controls and implementation of ignition interlock devices.

Local Official Training

The Division provides a comprehensive array of training opportunities including accounting schools, statewide and regional conferences, leadership institutes, workshops and webinars through the Academy for New York State's Local Officials. These programs allow Division staff to support strong relationships with local officals across the State and share critical knowledge that aids them in successfully fulfilling their responsibilities.

Research on Local Governments

The Division produces a wide range of research that informs OSC's legislative policy agenda, helps local officials understand factors affecting the fiscal condition of municipalities and assists the public in making sense of available local government data.

In 2016, LGSA published reports on a variety of topics, including:

- **State school aid policies and trends over the past few years**
- **Annual review of Industrial Development Agencies, including a description of recent Comptroller's reforms**
- **Land banks**
- **Foreclosure trends**
- **Sales tax collection updates**
- **Fiscal Stress Monitoring System results**
- **A guide to help local officials manage cyber-security risks.**

Division publications are available at:
www.osc.state.ny.us/localgov/researchpubs/index.htm

Training Highlights and Resources

143

In 2016, the Division conducted **143** training sessions for local officials and staff at statewide, regional and online events with total attendance of over **10,100**.

10,100

Regional Economic Profiles

In 2016, LGSA embarked on a long-term project to profile the State's economic regions. These profiles aim to paint a picture of the overall demographic and economic issues in each part of the State, as well as to look at current economic development activities. Reports have been released for the Mid-Hudson Valley and Central New York regions so far, with more planned for 2017 and 2018.

THE ACADEMY
for New York State's LOCAL OFFICIALS

The Academy for New York State's Local Officials delivers a focused curriculum to help local officials carry out their duties. Local officials can search for training by both job role and topic.

www.osc.state.ny.us/localgov/academy/index.htm

Data Resources on Local Governments

OSC provides extensive data available for downloading so that local officials, researchers and others interested in local governments and public finance can conduct their own research and analyses.

Open Book New York

The Comptroller's online resource for data on local governments, State contracts, public authorities and State spending and payments.

www.openbooknewyork.com/index.htm

Fiscal Stress Monitoring System

Full results for all municipalities on all of the fiscal stress indicators, plus the ability to download all of the underlying data along with reports and interactive tools to explore and understand the results.

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Financial Data for Local Governments

Detailed financial data sets covering up to 18 years for local governments, school districts, fire districts, industrial development corporations and other local government entities.

www.osc.state.ny.us/localgov/datanstat/findata/index_choice.htm

Real Property Tax Rates and Levies

Local government real property tax levies, taxable full value and full value tax rates from 2013 on.

www.osc.state.ny.us/localgov/orptbook/index.htm

Local Entities List

OSC maintains a list of active local governments.
The list is available for downloading in both .pdf and spreadsheet formats.

www.osc.state.ny.us/localgov/datanstat/entitytable.htm

Notes

[1] U.S. Bureau of Economic Analysis, "Gross Domestic Product by State: Second Quarter 2016," BEA 16-66, (Press Release). Available at: **www.bea.gov/newsreleases/regional/gdp_state/2016/qgsp1216.htm**.

[2] OSC, *Comptroller's Fiscal Update: State Fiscal Year 2016-17 Revenue Trends through the Mid-Year*, November 2016. Available at: **www.osc.state.ny.us/reports/budget/2016/2016-17_midyear_report.pdf**.

[3] This includes counties, cities, towns, villages, fire districts and school districts.

[4] Real property taxes, assessments and items includes special benefit assessments (such as for water provision) and real property tax items such as payments in lieu of taxes (PILOTs) and State reimbursements to school districts for STAR (School Tax Relief) exemptions.

[5] This means that counties, towns and most cities were first affected in fiscal year ending 2012, since their fiscal year is the same as the calendar year, beginning January 1, 2012 and ending December 31, 2012. Most villages, some cities and all school districts have fiscal years that start after January 1, so they were first affected in their fiscal year ending 2013. More information on the tax cap is available at: **www.osc.state.ny.us/localgov/realprop/index.htm**.

[6] The formula includes a number of other components that can also affect the levy limit—sometimes by a large amount.

[7] Due to definitional changes, the 2015 tax levy is not directly comparable to 2014 and years prior. For more information, visit: **www.osc.state.ny.us/localgov/orptbook/index.htm**.

[8] Details about CHIPS and PAVE-NY, including apportionment balances for each municipality, are available on the Department of Transportation's website at: **www.dot.ny.gov/programs/chips/PAVE-NY**.

[9] New York State Division of the Budget (DOB), *Description of New York State School Aids (2016-17)*, Table II-A. Includes New York City.

[10] DOB, *Description of New York State School Aids (2012-13 to 2016-17)*, Table II-A.

[11] OSC, *New York State School Aid: Two Perspectives*, March 2016, Appendix B. Available at: **www.osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf**. This report also contains information on the components of school aid and the impact of school aid on the State budget.

[12] New York State School Boards Association, "NYSSBA 2017-18 Budget Recommendations." Available at: **nyssba.org/clientuploads/nyssba_pdf/gr/nyssba-2017-18-budget-recommendations.pdf**.; New York State Association of School Business Officials, "Realizing the Vision of School Aid, Opportunity for All: State Aid Recommendations for SY 2017-18," November 2017. Available at: **nysasbo.org/uploads/publications/1478716623_NYSASBO%20State%20Aid%20Proposal%202016-Final.pdf**.

[13] DOB, *New York State 2007-08 Enacted Budget Financial Plan*, p. 57. Available at: **www.budget.ny.gov/pubs/archive/fy0708archive/fp0708/2007-08EnactedBudgetReport.pdf**, and [SFY] 2016-17 Enacted Budget School Aid Runs, Available at: **www.budget.ny.gov/budgetFP/2016-17enactedSchoolAidRuns.pdf**.

[14] New York State Education Department, *Regents 2017-18 Proposal on State Aid to School Districts*, December 8, 2016. Available at: **www.regents.nysed.gov/common/regents/files/1216saa1public.pdf**.

[15] OSC analysis of OSC data.

[16] James Nani, "Health Insurance Hikes Cause Headaches for Municipal Budgets," *Times Herald-Record*, November 28, 2016. Available at: **www.recordonline.com/news/20161128/health-insurance-hikes-cause-headaches-for-muncipal-budgets**.

Notes

[17] For more information on the Comptroller's Actuarial Assumptions, see, *Annual Report to the Comptroller on Actuarial Assumptions*, August 2016. Available at: **www.osc.state.ny.us/reports/pension/2016actuarialassumptions.pdf**.

[18] For an overview of notable trends in the fiscal stress scores of New York counties, cities, towns and villages, see OSC, *Fiscal Stress Monitoring System Results for Municipalities: Three-Year Review*, September 2016.
Available at: **www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/threeyearsfsms_0916.pdf**.
See also OSC's Fiscal Stress Monitoring System website: **www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm**.

[19] See, **www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm**.

[20] OSC, *The Foreclosure Predicament Persists*, August 2015,
available at: **www.osc.state.ny.us/localgov/pubs/research/snapshot/foreclosure0815.pdf**;
and *Research Brief: Foreclosure Update from a Local Government Perspective*, April 2016,
available at: **www.osc.state.ny.us/localgov/pubs/research/foreclosure0416.pdf**.

[21] Data from the Unified Court System, with OSC calculations. News reports using a different data source suggest that foreclosure activity increased sharply toward the end of 2016. See, for example, Catherine Curan, "New Yorkers See Drastic Spike in Home Foreclosures," *New York Post*, November 13, 2016.
Available at: **http://nypost.com/2016/11/13/new-yorkers-see-drastic-spike-in-home-foreclosures/**.
This apparent contradiction may simply reflect differences in the nature of the data sources. The data cited in the news report consists of counts of properties with foreclosure-related court filings during a specified time period, while the data presented in Figure 13 is based on the entire mortgage foreclosure caseload pending in the court system (whether or not the cases have had recent filings). As mortgage foreclosure cases are resolved through the courts, filings could increase even as the pending caseload decreases.

[22] OSC, *Research Brief: Land Banks Enter the Fight Against Blight*, October 2016.
Available at: **www.osc.state.ny.us/localgov/pubs/research/landbanks1016.pdf**.

[23] The bill, A.10741 (Farrell)/S.8159 (Flanigan), which was enacted as Part Q of Chapter 73 of the Laws of 2016, became effective on December 20, 2016. For a detailed description of the key provisions, see the New York Conference of Mayors, *NYCOM Analysis of Newly Enacted Zombie Property and Foreclosure Prevention Law*, NYCOM Legislative Update, August 2, 2016.
Available at: **www.nycom.org/images/documents/LAC/Zombie_Law_Article_-_August_2_2016_1.pdf**.

[24] See the New York State Education Department "State Aid for the Testing of Water for Potential Lead Contamination and the Installation of Effective Measures for Immediate Remediation, if Required," field memo from the Office of Facilities Planning and the Office of State Aid to school district and BOCES superintendents, October 11, 2016.

Summary of Finances for Major Classes of Local Government – Fiscal Year Ended in 2015

(Excluding New York City)

(All dollar amounts in millions)	County	City	Town	Village	School	Fire District	Total
Population - Census Estimates	11,245,386	2,222,638	9,013,212	1,921,240			
Full Value of Real Property	$1,120,653.1	$114,659.1	$1,008,817.9	$236,093.6	$1,138,753.4		
Debt Issued:							
Bonds	$1,541.6	$411.3	$695.6	$277.2	$2,193.0	$77.3	**$5,195.9**
Other Debt	$1,620.0	$332.0	$391.8	$183.5	$2,784.1	$42.3	**$5,353.8**
Outstanding Debt:							
Bonds (Gross)	$11,062.9	$2,576.6	$3,929.7	$1,822.3	$14,655.9	$325.3	**$34,372.7**
Other Debt	$1,894.7	$710.8	$918.5	$435.1	$2,958.6	$68.1	**$6,985.8**
Total Outstanding Debt	**$12,957.6**	**$3,287.4**	**$4,848.2**	**$2,257.4**	**$17,614.5**	**$393.4**	**$41,358.5**
Revenues:							
Real Property Taxes and Assessments	$5,145.8	$1,097.3	$3,451.3	$1,336.7	$18,699.4	$726.3	**$30,456.8**
Other Real Property Tax Items	$338.2	$149.9	$81.2	$34.4	$2,826.7	$5.5	**$3,435.9**
Sales and Use Tax	$7,543.1	$857.1	$662.9	$165.1	$275.6	$0.0	**$9,503.9**
Other Non-Property Taxes	$76.1	$77.9	$191.1	$26.7	$0.0	$0.0	**$371.9**
Charges for Services	$2,171.5	$922.2	$948.6	$771.5	$361.8	$0.0	**$5,175.7**
Charges to Other Governments	$473.4	$79.1	$153.0	$90.7	$135.2	$14.7	**$946.3**
Use and Sale of Property	$301.4	$70.1	$145.8	$46.5	$511.4	$14.7	**$1,089.9**
Other Local Revenues	$1,679.1	$299.9	$368.3	$116.7	$530.2	$13.8	**$3,007.9**
Total Local Revenues	**$17,728.8**	**$3,553.5**	**$6,002.3**	**$2,588.3**	**$23,340.3**	**$775.0**	**$53,988.3**
State Aid	$2,669.5	$859.5	$465.6	$128.5	$13,604.7	$0.7	**$17,728.5**
Federal Aid	$2,557.9	$265.1	$190.9	$82.0	$1,566.2	$4.2	**$4,666.4**
Total State and Federal Revenues	**$5,227.5**	**$1,124.7**	**$656.5**	**$210.5**	**$15,170.9**	**$4.9**	**$22,394.9**
Total Revenues	**$22,956.3**	**$4,678.1**	**$6,658.8**	**$2,798.8**	**$38,511.2**	**$779.9**	**$76,383.2**
Expenditures:							
Personal Services	$5,073.2	$1,708.2	$2,006.1	$876.2	$17,999.1	$148.6	**$27,811.4**
Employee Benefits	$3,432.6	$1,221.2	$1,186.6	$539.6	$9,112.5	$163.1	**$15,655.5**
Contractual	$12,600.0	$1,058.4	$2,288.3	$919.0	$8,208.6	$233.8	**$25,308.1**
Total Current Operations	**$21,105.7**	**$3,987.8**	**$5,481.0**	**$2,334.7**	**$35,320.2**	**$545.5**	**$68,775.0**
Equipment and Capital Outlay	$1,483.3	$571.2	$946.6	$400.5	$1,811.2	$221.6	**$5,434.5**
Debt Service	$1,523.3	$419.4	$610.3	$236.4	$2,479.9	$56.0	**$5,325.3**
Principal	$1,031.7	$311.4	$484.2	$179.8	$1,837.5	$43.0	**$3,887.8**
Interest	$491.6	$108.0	$126.1	$56.6	$642.4	$12.9	**$1,437.5**
Total Expenditures	**$24,112.3**	**$4,978.5**	**$7,037.9**	**$2,971.6**	**$39,611.3**	**$823.1**	**$79,534.8**

Sources: OSC and United States Census Bureau.

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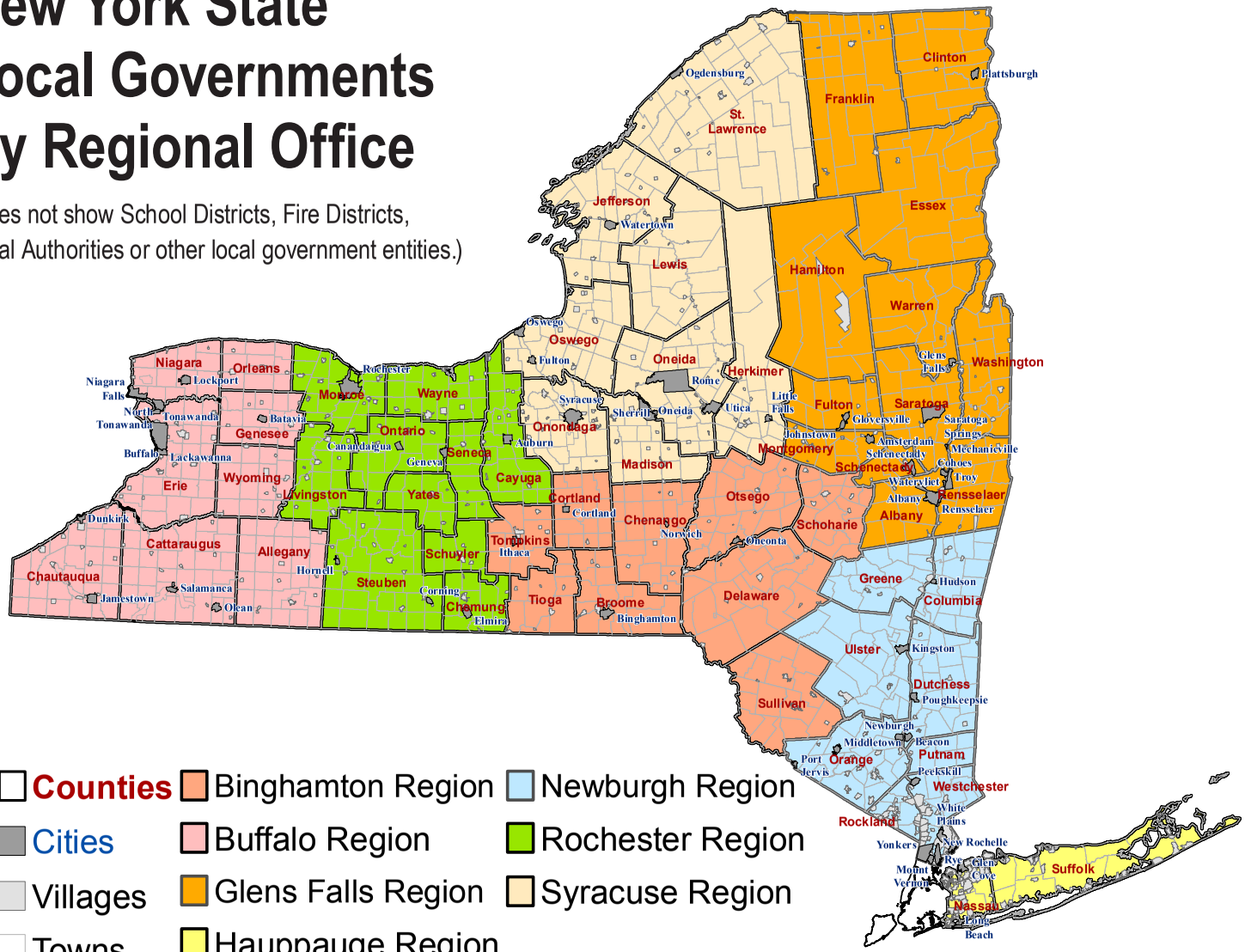

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