



THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

ELLIOTT AUERBACH
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

May 2021

Mr. Ronald Conover, Supervisor
Members of the Town Board
Town of Bolton
4949 Lake Shore Drive
Bolton Landing, NY 12814

Report Number: S9-21-1

Dear Supervisor Conover and Members of the Town Board:

The COVID-19 pandemic (pandemic) has had various levels of impact on the financial operations of local governments across New York State. Some local governments have seen little to no impact on their financial operations, while others have seen more significant impacts due to reductions and/or increases to their revenues and/or expenditures. This has led to some local governments having to reduce or eliminate some services and temporarily or permanently reduce staff positions. In addition, some local officials have decided to delay capital projects, which could result in future delays to other projects to maintain and improve local government infrastructures.

The pandemic has also created a difficult environment for officials to develop annual budgets given the unknowns of future financial impacts. The pandemic increases the need for local officials to more closely monitor their budgeted estimates for revenues and expenditures against actual results and modify their budgetary estimates accordingly, when warranted, during the course of their fiscal year.

To assess whether local officials adequately considered the impact of the pandemic on their financial operations while developing their 2021 fiscal year budgets, our office conducted reviews of 20 adopted budgets of various counties, cities, towns and villages across the State. The Town of Bolton (Town) is one of the local governments included in our review.

The objective of the review was to provide an independent evaluation of certain aspects of the adopted budget. Our review addressed the following question related to the Town's adopted budget for the 2021 fiscal year:

- Did officials adequately assess the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget?

Summary of Findings

Based on the results of our review, we found that officials adequately assessed the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget.

However, due to uncertainties in available State funding for highway improvements that were planned to be made in 2020, Town officials delayed highway improvements from 2020 to 2021 and, in relation, carried over their 2020 revenue estimate for the State funding to 2021.

In consideration of the continually new and evolving impacts caused by the pandemic, Town officials should carefully monitor their budgeted to actual revenues and expenditures and make amendments to the budget as needed throughout the year. For example, the Town's revenues for State funding for highway improvements could again be impacted by the pandemic in 2021.

Methodology

To accomplish our objective in this review, we requested your adopted budget and other pertinent information. We interviewed officials and reviewed the adopted budget to gain an understanding of the budget development process and to determine whether any estimates in the adopted budget were adjusted by officials due to the potential impact the pandemic could have on financial operations. We identified and examined for reasonableness significant estimated revenues and expenditures¹ and estimated revenues and expenditures below our established threshold that could more likely be impacted by the pandemic. We also identified any significant new revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to assess whether the estimates were realistic and reasonable. In addition, we evaluated the amount of fund balance and/or reserves appropriated in the adopted budget to be used as a financing source and determined whether these amounts were available and sufficient for that purpose.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

Background

The Town is located in Warren County. An elected five-member Town Board (Board), composed of the Town Supervisor (Supervisor) and four Board members, is responsible for the general oversight of the Town's operations and finances. As the budget officer for the Town, the

¹ For this review, we established significant estimated revenues and expenditures to be those consisting of 5 percent or more of a fund's total budget estimates.

Supervisor requests estimates from department heads to use in the preparation of the tentative budget. Once the Supervisor prepares the tentative budget, it is presented to the Board. The Board makes any necessary revisions to the tentative budget and prepares the preliminary budget. The Town holds a public hearing on the preliminary budget and then makes any necessary final revisions prior to adopting the budget.

The Town’s operating funds consist of a general fund, highway fund, water district, sewer district and lighting district. The Town provides various services to its residents, including maintaining and improving Town roads, snow removal, public improvements, planning and zoning, recreation and cultural activities, water, sewer and general governmental support. The Town’s operations are predominately financed by sales tax, real property taxes, and water and sewer charges.

Following is the 2021 adopted budget figures, broken down by funds, along with the 2020 adopted budget total for all funds for comparative purposes.

Figure 1: 2021 Adopted Budget				
Fund	Appropriations and Provisions for Other Uses	Financing Sources		
		Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General	\$3,597,895	\$3,357,895	\$240,000	\$0
Highway	1,929,098	1,108,208	0	820,890
Water	458,667	458,667	0	0
Sewer	416,378	416,378	0	0
Lighting	31,000	0	0	31,000
Total for 2021	\$6,433,038	\$5,341,148	\$240,000	\$851,890
Total for 2020	\$6,551,638	\$5,459,748	\$240,000	\$851,890

Our review disclosed the following finding which should be reviewed by the Board for appropriate action. Good management practices require that Town officials take prompt action concerning our recommendations.

Revenues

The adopted highway fund budget includes estimated revenues of \$327,760 for State funding for highway improvements,² which is approximately two times the Town’s apportionment of \$163,908 included in the State Fiscal Year 2020-21 Enacted Budget. Due to the uncertainty of the impact of the pandemic on the Town’s financial operations in 2020, Town officials decided not to make highway improvements in 2020 that would be eligible for reimbursement through this State funding. Instead, Town officials decided to carry over this funding to 2021. Based on this, Town officials told us the estimated revenues for State funding for highway improvements in the adopted

² The Town’s State funding for highway improvements consists of funding through the Consolidated Local Street and Highway Improvement Program (CHIPS), Extreme Winter Recovery (EWR) Program and PAVE-NY Program.

budget consist of the carryover of the Town's apportionment of \$163,908 in 2020 and the anticipation of an equal apportionment in 2021.

However, due to the continually evolving circumstances caused by the pandemic, the State Fiscal Year 2020-21 Enacted Budget generally authorizes the Executive and the State Legislature to withhold or reduce State aid as necessary at given times throughout the year should the State Budget be deemed out of balance.³ We caution Town officials to be mindful that the State has withheld 20 percent of payments to local governments for State funding for highway improvements during the State Fiscal Year 2020-21 and that the Town's apportionment for 2021 will be based on the State Fiscal Year 2021-22 Enacted Budget. As a result, Town officials should closely monitor this revenue estimate throughout 2021 and develop a plan to balance the highway fund budget in the event this revenue projection is not fully realized.

Recommendations

The Board should:

1. Be prepared to amend the highway fund budget in the event the revenue projection for State funding for highway improvements is not fully realized.
2. Carefully monitor revenues and expenditures throughout the year and closely monitor ongoing discussions and legislative acts at both the State and Federal level that could be beneficial or detrimental to the Town's financial operations. Officials should use this information to make adjustments to the budget as needed throughout the year.

We hope that this information is useful as you monitor the Town's financial operations and budget throughout the 2021 fiscal year. If you have any questions on the scope of our work, please feel free to contact Julie Landcastle, Chief Examiner of the Statewide and Regional Projects Unit, at (607) 721-8306.

Sincerely,

Elliott Auerbach
Deputy Comptroller

cc: Jodi Petteys, Town Clerk
Gary G. Gifford, Regional Chief Examiner

³ The Budget is deemed out of balance for the fiscal year, and these powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). The *FY 2021 Enacted Budget Financial Plan* is available at:
<https://www.budget.ny.gov/pubs/archive/fy21/enac/fy21-enacted-fp.pdf>