July 2026

To: **County, City, Town and Village Chief Fiscal Officers and Clerks**

From: **Division of Local Government and School Accountability**

Subject: **Accounting for Voluntary Contributions on Dog License Applications**

Please share this document with others who would benefit from this information.

Purpose of Bulletin

This bulletin provides accounting and reporting guidance for voluntary contributions collected through dog license applications to support animal shelter services, as authorized by amendments to Section 109 of the Agriculture and Markets Law.

Background

Legislation enacted on September 26, 2025 amended Section 109 of the Agriculture and Markets Law to require local governments to include space on dog license applications for owners to make voluntary contributions to support animal shelters operated by the local government or any organization which is contracted by the local government to provide animal shelter services.[1] According to the amendment, the space for the contribution shall be clearly marked and distinct with bold lettering, or on a separate page, to make clear it is a voluntary contribution and not a part of the license fee. Additionally, the application must list the organization in which the contribution will be sent and may list suggested reasonable contribution amounts with an option for any amount.

The voluntary contributions collected by local governments should be given to the organization listed on the application annually and cannot replace any existing funding commitments to the organization.

Accounting Guidance

The amendment to Section 109 of the Agriculture and Markets Law states that local governments "…*shall deposit all monies collected from voluntary contributions into a dedicated fund.*" This does not mean that local officials must account for and report this money in a separate accounting fund. Furthermore, local officials are not required to open a new or separate bank account to deposit this money into.

There are two different situations that will dictate how a local government should account for these voluntary contributions:

1. Local government managed pounds and shelters.

---

[1] The Legislation, which was signed into law on September 26, 2025 became effective on October 26, 2025.

2. Organizations, separate from the local government, that are contracted to manage animal shelter services.

Local Government Managed Pounds and Shelters

Voluntary contributions received for local government managed pounds and shelters should be recognized as revenues by the local government when they receive them using pre-existing account code **2705 – Gifts and Donations**. Unspent contributions at year-end should be closed out to restricted fund balance using account code **899 – Other Restricted Fund Balance**. This activity will typically be accounted for in the General Fund, but if a local government accounts for their pound or shelter activities in a different fund, then these revenues and residual balances should be recorded in that fund.

Animal Shelter Services Managed by a Separate Organization

Voluntary contributions local governments receive on behalf of separate organizations managing animal shelter services should **not** be recorded as revenues by the local government. Due to the language of the amended law, OSC believes these voluntary contributions will likely meet the definition of a fiduciary activity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.[2] Nonetheless, it is ultimately the responsibility of each local government to make their own determination as to whether the contributions meet the GASB's criteria of a fiduciary activity.

If treating this as a fiduciary activity, local governments should account for and report these voluntary contributions in the Custodial (TC) Fund using pre-existing account codes **TC200 – Cash** and **TC688 – Other Liabilities.**

However, local officials may use professional judgment to determine whether the voluntary contributions they receive are immaterial and therefore would have the option to report them in the General Fund. OSC cannot provide a blanket threshold of materiality for this activity. The determination must be made at the local level by the governing board with the input of relevant local officials involved in the accounting and reporting processes. Local officials should consider any factors they deem relevant to their specific entity when determining materiality. Such factors may include the total dollar amount of voluntary contributions received, or anticipated to be received, or whether including these amounts in the general fund would be financially misleading to users.

If it is determined the voluntary contributions are immaterial or do not meet the definition of a fiduciary activity, local governments may account for and report them in the General Fund using pre-existing account codes **A200 – Cash** and **A688 – Other Liabilities**.

Whether the local government reports voluntary contributions in the Custodial Fund or General Fund, an expenditure should not be recorded when the money is sent to the separate organization managing animal shelter services. Rather, the accounting entry should only affect the balance sheet by crediting cash and debiting the other liability.

Additionally, local governments should be able to internally track and identify funds received from voluntary contributions. There are several options available to do this, including:

- Expand account codes within the accounting system if that function is available.
- Use a separate spreadsheet or journal outside of the accounting system to track receipts, disbursements, and balances.

[2] Please see our November 2020 Accounting Bulletin, Accounting and Financial Reporting for Fiduciary Activities as Required by GASB Statement 84, for additional information and guidance.

Guidance for Clerks

In many circumstances, local government clerks will be responsible for the receipt and initial recording of these voluntary contributions. Our office will not prescribe specific requirements or guidance for how clerks must handle the receipt and documentation of these voluntary contributions. However, the following best practices are recommended:

- Clerks should turn over voluntary contributions received to the Chief Financial Officer (CFO) of the local government like other money they collect.
- Clerks should include voluntary contributions as receipts/revenues on any reports made to the CFO and/or governing board.[3]
- Someone outside of the dog licensing process should periodically review and reconcile applications and receipts recorded by the clerk to help ensure all voluntary contributions are accounted for by the local government.

Additional Information

If you have questions pertaining to the guidance described in this bulletin, please contact the State Comptroller's regional office that serves your local government.

[3] This does not mean these should be recorded as revenues in the local government's accounting records if the voluntary contributions are for a separate organization, as previously discussed.