

Town of Chateaugay

Real Property Tax Exemption Administration

MAY 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

- Report Highlights 1**

- Real Property Tax Exemption Administration 2**
 - How Does an Assessor Properly Administer Exemptions? 2
 - Exemptions Lacked Applications and Supporting Documentation,
and/or Were Incorrectly Granted. 2
 - What Do We Recommend? 6

- Appendix A – Specific Exemption Criteria 8**

- Appendix B – Response From Town Officials 10**

- Appendix C – OSC Comments on the Town’s Response 15**

- Appendix D – Audit Methodology and Standards 16**

- Appendix E – Resources and Services 18**

Report Highlights

Town of Chateaugay

Audit Objective

Determine whether the Town Assessor properly administered select real property tax exemptions.

Key Findings

- Of the 224 granted exemptions that we reviewed totaling approximately \$6.2 million of assessed value, 136 exemptions (61 percent), valued at approximately \$3.8 million in assessed value, lacked one or more pieces of supporting documentation to verify their eligibility and/or were incorrectly granted.
- One property owner did not meet the eligibility requirements to receive agricultural building exemptions. As a result, the property owner incorrectly received \$15,231 in tax reductions.
- Agricultural building exemptions that were granted for the construction of two buildings were not supported. As a result, the property owner may have incorrectly received \$80,126 in tax reductions.
- The Assessor did not have any documentation on file for four properties receiving eligible funds exemptions or four additional properties receiving senior citizens exemptions. As a result, the owners may have incorrectly received \$2,551 in tax reductions.

Key Recommendations

- Ensure all applicants provide adequate supporting documentation before granting exemptions.
- Maintain documentation to support eligibility for all exemptions.
- Consult the Town's attorney as to whether any of the amounts can be recovered and the potential legal and financial impacts the Town may face from prior years' possible erroneous exemptions.

Except as specified in Appendix B, Town officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix C includes our comments on issues raised in the Town's response letter.

Background

The Town of Chateaugay (Town) is located in Franklin County (County) and includes the Village of Chateaugay (Village) within its boundaries.

An elected five-member Town Board (Board), which is composed of the Town Supervisor and four Board members, is responsible for the general oversight of the Town's operations and finances.

The Board-appointed Town Assessor (Assessor) is responsible for granting and tracking real property tax exemptions within the Town's boundaries. Each year, the Assessor determines the assessed value of Town properties to establish the assessment roll, which is then used to determine the corresponding tax levies on those properties for the following year. The current Assessor was first appointed in 1989.

Quick Facts

2017 Total Exemptions ^a	756
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2017 Total Value of Exemptions	\$10.9 million
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a Agricultural, veterans and persons 65 years of age or older (senior citizens) exemptions

Audit Period

January 1, 2017 – June 30, 2018

We expanded our scope back to July 1, 2009 to calculate the tax dollar effect of exemptions that were incorrectly granted.

Real Property Tax Exemption Administration

All real property in New York is subject to taxation unless specific legal provisions grant it exempt status. Real property tax exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the State and local governments to encourage certain economic or social activities and other such considerations. Certain exemptions provide full relief from taxation (wholly exempt property) while others reduce the taxes by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city, town, village, special district and school purposes, whereas others pertain only to some of these. Lastly, while some exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria. The assessment roll's accuracy is essential for fair and equitable property taxation.

How Does an Assessor Properly Administer Exemptions?

To properly administer real property tax exemptions, an assessor needs to:

- Maintain supporting documentation (i.e., local law, ordinance or resolution) for any exemptions granted that require authorization by local option.
- Ensure property owners submit completed applications with proper supporting documentation and meet eligibility requirements.¹
- Verify that exemption codes are properly selected and exemption amounts are properly calculated and applied in the Real Property Tax System.
- Annually certify the assessment roll as accurate and complete for all exemptions.
- Periodically verify that those granted exemptions continue to qualify for them.
- Retain supporting documentation for those granted exemptions and consult with the New York State Office of Real Property Tax Services² or the Franklin County Real Property Tax Services Office, as necessary, for technical assistance.

Exemptions Lacked Applications and Supporting Documentation, and/or Were Incorrectly Granted

The Assessor granted a total of 756 agricultural,³ veterans⁴ and senior citizen⁵ exemptions on the 2017 assessment roll, collectively reducing the taxable

1 See Appendix A for eligibility requirements for the agricultural, veterans and senior citizen exemptions.

2 A division within the New York State Department of Taxation and Finance

3 Section 305 of the Agriculture and Markets Law and Section 483 of the Real Property Tax Law

4 Sections 458 and 458-a of the Real Property Tax Law

5 Section 467 of the Real Property Tax Law

assessed values for the County, Town, Village, Chateaugay Central School District (School) and Chateaugay-Brainardsville Fire District (Fire District) by a combined total of more than \$10.9 million. Of the 224 granted exemptions that we reviewed totaling approximately \$6.2 million in assessed value, 136 of the exemptions (61 percent), valued at approximately \$3.8 million in assessed value, lacked one or more pieces of supporting documentation to verify their eligibility and/or were incorrectly granted (Figure 1).

Figure 1: 2017 Real Property Exemptions and Exceptions

Local Government Type	Total Exemptions ^a	Total Exempted Value ^a	Total Number of Exemptions Tested	Total Value of Exemptions Tested	Exceptions Identified From Records	Total Exempted Value of Exemptions
County	222	\$3,476,469	68	\$1,917,592	35	\$1,043,022
Town	223	\$3,313,167	69	\$1,878,722	35	\$1,042,662
Village	42	\$627,259	24	\$428,740	9	\$123,154
School	141	\$2,274,980	38	\$1,492,946	32	\$1,121,946
Fire District	128	\$1,223,410	25	\$441,376	25	\$441,376
Totals	756	\$10,915,285	224	\$6,159,376	136	\$3,772,160

^a This includes only agricultural, veterans and senior citizens exemptions.

Every exemption granted on a property shifts more of the tax burden to the non-exempt properties. As a result, the high rate of exceptions noted above caused inequity among taxpayers for financing local government operations to the extent exemptions were incorrectly given or were not received.

Agricultural – We reviewed all six properties⁶ on the 2017 assessment roll receiving agricultural building exemptions totaling \$2,853,000 in assessed value.⁷ We found that one property owner did not meet the eligibility requirements to receive the \$450,000 in exemptions of assessed value granted because the property owner did not file the application within one year of the date of completion of the building’s construction as required. Specifically, the application contained a July 2012 construction completion date, but the application was filed on February 5, 2014, or six months late. As a result, the property owner incorrectly had a \$150,000 exemption of assessed value annually applied to their County, Town and School taxable assessments since the exemptions were first granted on the 2014 assessment roll. Consequently, this property owner incorrectly received a combined total of \$15,231 in County and Town tax reductions for fiscal years 2015 through 2018 and School tax reductions for fiscal years 2014-15 through 2017-18.

⁶ Four properties were receiving exemptions for one building, one property was receiving exemptions for two buildings, and one property was receiving exemptions for three buildings.

⁷ The \$2,853,000 in assessed value consisted of 29 exemptions, including nine exemptions totaling \$921,000 each for the County, Town and School, and two Village exemptions totaling \$90,000.

In addition, agricultural building exemptions totaling \$1,200,000⁸ in assessed value that were granted to the same property for the construction of two buildings were not supported. For example, for one building, the \$900,000 in related exemptions were first granted on the 2009 assessment roll, which consisted of three \$300,000 exemptions applied to the County, Town and School taxable assessments. However, the property's assessed value remained the same from the 2008 assessment roll to the 2009 assessment roll, although the purpose of agricultural building exemptions are to exempt from taxation any increase in assessed value attributable to construction or reconstruction of certain structures and buildings that are essential to the operation of lands actively used for agricultural or horticultural purposes. The Assessor did not record on the application how he calculated the exemptions that were granted. The Assessor also could not explain why \$300,000 in exemptions in assessed value were granted for the construction of the building, but the assessed value of buildings on the property remained the same. It appears the Assessor failed to increase the assessed value of the property from the 2008 assessment roll to the 2009 assessment roll for the construction of the building. As a result, the property owner may have incorrectly had a \$300,000 exemption annually applied to each of their County, Town and School taxable assessments since the exemptions were first granted on the 2009 assessment roll. Consequently, it appears this property owner may have incorrectly received a combined total of \$67,459 in County and Town tax reductions for fiscal years 2010 through 2018 and School tax reductions for fiscal years 2009-10 through 2017-18.

For the other building, the \$300,000 in related exemptions were first granted on the 2013 assessment roll, which consisted of three \$100,000 exemptions applied to the County, Town and School taxable assessments. However, the property's assessed value was reduced by \$100,000 from the 2012 assessment roll to the 2013 final assessment roll. The Assessor did not record on the application how he calculated the exemptions that were granted. The Assessor also could not explain why \$100,000 in exemptions were granted for the construction of the building, but the assessed value of buildings on the property was reduced by \$100,000. Therefore, it appears the Assessor may have incorrectly reduced the property's assessed value from the 2012 assessment roll to the 2013 assessment roll, instead of increasing it for the construction of the building.⁹ As a result, the property owner may have incorrectly had a \$100,000 exemption annually applied to each of their County, Town and School taxable assessments since the exemptions were first granted on the 2013 assessment roll. Consequently, it appears this property owner may have incorrectly received an additional combined total of \$12,667 in County and Town tax reductions for fiscal years 2014

⁸ The \$1,200,000 in assessed value consisted of \$900,000 in exemptions for one building and \$300,000 in exemptions for the other building.

⁹ The property's assessed value was \$900,000 on the 2012 assessment roll and was reduced to \$800,000 on the 2013 assessment roll.

through 2018 and School tax reductions for fiscal years 2013-14 through 2017-18. In addition, it appears that the incorrect reduction in assessed value of buildings on the property resulted in an additional \$12,667 in reduced taxes on the property.

We also reviewed 25 properties on the 2017 assessment roll receiving agricultural district exemptions totaling \$1,813,522 in assessed value¹⁰ and found that each property lacked one or more pieces of supporting documentation to verify the eligibility of these exemptions. For example, nine properties did not have an original application on file, three properties did not have a soil group worksheet and 14 properties did not have a 2017 renewal application. In addition, three properties' original applications indicated the land was leased, but a copy of the lease or an affidavit attesting to the existence of such a lease were not on file. Furthermore, the Assessor did not request property owners to submit any documentation to substantiate reported gross sales. Due to a lack of adequate documentation, these property owners may have incorrectly received a combined total of \$11,635 in School tax reductions for the 2017-18 fiscal year, County, Town and Fire District tax reductions for the 2018 fiscal year, and Village tax reductions for the 2018-19 fiscal year.

Veterans – We reviewed all four properties on the 2017 assessment roll receiving “eligible funds” exemptions totaling \$55,000 of assessed value¹¹ and found that none had any supporting documentation (e.g., application, documentation of military service or documentation of the use of eligible funds) to verify the eligibility or accuracy of these exemptions. As a result, these property owners may have incorrectly received a combined total of \$249 in County and Town tax reductions for fiscal year 2018 and Village tax reductions for fiscal year 2018-19.

We also reviewed 11 properties on the 2017 assessment roll receiving non-combat alternative veterans exemptions totaling \$276,158 in assessed value¹² and found that three did not have any supporting documentation (e.g., application or documentation of military service) to verify the eligibility of the \$94,218 in exemptions granted. As a result, these three property owners may have incorrectly received a combined total of \$432 in County and Town tax reductions for fiscal year 2018 and Village tax reductions for fiscal year 2018-19. In addition, another property owner did not have an \$18,150 exemption in assessed value annually applied to their County taxable assessment since the exemption was first granted on the 2013 assessment roll. This occurred because the incorrect exemption code was selected in the Real Property Tax System. As a result, the

10 The \$1,813,522 in assessed value consisted of 102 exemptions, including 25 exemptions totaling \$441,376 each for the County, Town, School and Fire District, and two Village exemptions totaling \$48,018.

11 The \$55,000 in assessed value consisted of 11 exemptions, including four County exemptions totaling \$20,000, four Town exemptions totaling \$20,000 and three Village exemptions totaling \$15,000.

12 The \$276,158 in assessed value consisted of 28 exemptions, including 10 County exemptions totaling \$100,980, 11 Town exemptions totaling \$105,064 and seven Village exemptions totaling \$70,114.

property owner paid a combined total of \$438 more in County taxes for fiscal years 2014 through 2018 than they should have.

We also reviewed 10 properties on the 2017 assessment roll receiving combat zone alternative veterans exemptions totaling \$496,260¹³ in assessed value and 10 properties on the 2017 assessment roll receiving disabled alternative veterans exemptions totaling \$506,016 in assessed value¹⁴ and found that all of the exemptions granted were supported by proper documentation, met the eligibility requirements, and were accurately calculated and applied.

Senior Citizens – We reviewed all four properties on the 2017 assessment roll receiving senior citizens exemptions totaling \$159,420 in assessed value¹⁵ and found that none of the properties had any supporting documentation (e.g., original application, income support, proof of age eligibility or renewal application) to verify the eligibility or accuracy of these exemptions. As a result, these property owners may have incorrectly received a combined total of \$2,302 in School tax reductions for fiscal year 2017-18 and Village tax reductions for fiscal year 2018-19.

The Assessor also could not provide us with a resolution adopted by the School's governing board authorizing senior citizens exemptions to be granted and applied to School taxable assessments. We also contacted the School; officials told us they did not have a resolution from the School Board authorizing these exemptions. As a result, property owners may not be entitled to receive these exemptions.

The exceptions occurred because the Assessor did not obtain adequate documentation from property owners or maintain adequate records for the agricultural, veterans and senior citizen exemptions granted. As a result, the Assessor may have granted exemptions to certain property owners that were unsupported or improper, resulting in the real property tax burdens for County, Town, Village, School and Fire District taxes not being distributed equitably.

What Do We Recommend?

The Assessor should:

1. Ensure all applicants provide adequate supporting documentation before granting exemptions.

13 The \$496,260 in assessed value consisted of 27 exemptions, including 10 County exemptions totaling \$207,344, 10 Town exemptions totaling \$172,058 and seven Village exemptions totaling \$116,858.

14 The \$506,016 in assessed value consisted of 22 exemptions, including 10 County exemptions totaling \$226,892, 10 Town exemptions totaling \$219,224 and two Village exemptions totaling \$59,900.

15 The \$159,420 in assessed value consisted of five exemptions, including four School exemptions totaling \$130,570 and one Village exemption totaling \$28,850.

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2. Maintain documentation to support eligibility for all exemptions.
 3. Ensure all exemptions are properly calculated and applied in the Real Property Tax System.
 4. Annually verify income to support agricultural district and senior citizens exemptions.
 5. Ensure previously granted exemptions are supported and continue to meet eligibility requirements.
 6. Review the assessment roll exemption summary annually for noticeable errors and make necessary changes.
 7. Ensure all required approvals, such as resolutions from other governments, are on file before allowing exemptions on their tax rolls.

The Board should:

8. Consult the Town's attorney as to whether any of the amounts can be recovered and the potential legal and financial impacts the Town may face from prior years' possible erroneous exemptions.

Appendix A: Specific Exemption Criteria

Agricultural – The agricultural building exemption, pursuant to Section 483 of the Real Property Tax Law, generally allows a 10-year property tax exemption from any increase in the property's assessed value resulting from the construction or reconstruction of certain structures or buildings. The structure or building must, among other things, be essential to the operation of lands actively devoted to agricultural or horticultural use. Property owners receiving the agricultural building exemption are required to file an application within one year of the date of completion of the construction or reconstruction to receive the exemption.

The agricultural district exemption, pursuant to Section 305 of the Agriculture and Markets Law, allows a tax exemption for the assessed valuation of the eligible land in excess of its agricultural assessment. This exemption generally requires average annual gross sales over the previous two years of \$10,000 for farms with seven or more acres of land, or \$50,000 for farms of less than seven acres. Property owners may also lease land to eligible farmers and receive an agricultural district exemption. The agricultural exemption amount is calculated based on a New York State certified soil productivity value for each parcel. Property owners receiving the agricultural district exemption are required to file an original application and a soil group worksheet, and if the land is leased, a copy of the lease or an affidavit attesting to the existence of such a lease. In addition, property owners are required to file a renewal application each year certifying the property remains eligible for the exemption and the operation continues to meet the income requirements. Although the renewal application does not require proof of income, assessors should be periodically verifying farm income to ensure the property remains eligible.

Veterans – Requirements related to veterans eligible funds exemption, pursuant to Section 458 of the Real Property Tax Law, vary, but typically require that the property is owned by a veteran (or a qualifying family member) of the United States Armed Services and must have been purchased with eligible funds (e.g., a veteran's pension, bonus, insurance funds, etc.). Property owners receiving the eligible funds exemption are required to file an application, along with supporting documentation of military service and the use of eligible funds, to purchase the property.

Requirements related to alternative veterans exemptions, pursuant to Section 458-a of the Real Property Tax Law, vary, but typically require that the property is the primary residence of a veteran (or a qualifying family member) of the United States Armed Services who actively served during certain eligible time frames or received an expeditionary medal and was discharged under honorable conditions. These exemptions include amounts for wartime service, with increased exemption amounts for combat service and veterans who incurred service-connected disabilities. Property owners receiving alternative veterans exemptions are required to file an application, along with supporting documentation of military service. In addition, for veterans who claim a service-connected disability

exemption, written evidence showing the disability rating percentage must be provided.

Senior Citizens – The governing board of each municipality may elect to allow the senior citizens exemption, pursuant to Section 467 of the Real Property Tax Law, through adoption of a local law, ordinance, or resolution, after a public hearing. The senior citizens exemption generally requires the property be used exclusively for residential purposes and owned by a person 65 years or older (with some familial exceptions) for a consecutive 12 months (unless an exception applies) with varying income limits established by each municipality. Property owners receiving the senior citizens exemption are required to file an original application, along with supporting documentation of proof of age and to show their income is below the threshold. In addition, property owners are required to file a renewal application each year, along with supporting documentation to show their income is below the threshold.

Appendix B: Response From Town Officials

Town Clerk PHYLLIS A. LEMAY (518) 497-6931	DONALD W. BILOW, Supervisor <i>Oldest Town in Franklin County</i> TOWN OF CHATEAUGAY P.O. Box 9, 191 East Main Street Chateaugay, NY 12920-0009	Superintendent of Highways ROGER LABOMBARD (518) 497-6067
Justice of Peace MARIE A. COOK (518) 497-3429 Fax: (518) 497-6431	Town Board Phone: (518) 497-3126 Fax: (518) 497-6052	Town Assessor and Code Enforcement Officer JOHN SMITH (518) 497-3130
Councilman ARTHUR McCORMICK DARBY MONETTE KIRBY SELKIRK WILLIAM TROMBLY	Town Garage Phone: (518) 497-6067	Tax Collector LORI ROWE (518) 497-6867

April 9, 2019

Jeffrey P. Leonard, Chief Examiner
Office of the NYS Comptroller
Glens Falls Regional Office
One Broad St Plaza,
Glens Falls, NY 12801-4396

Re: Response of Town of Chateaugay to Audit of Real Property Tax Exemption Administration and Plan of Action.

Dear Mr. Leonard and Staff:

This is the response of the Town of Chateaugay and the Town's Plan of Action with respect to your recent Audit of the Town's real property tax exemption administration. The Town is grateful for the Audit and the opportunity to respond. It values the good working relationship that it has had with the Comptroller's Office over the years and the professionalism of your staff. With respect to the instant Audit, however, the Town has some factual and legal disagreements with certain of your conclusions. The Town finds itself in agreement with certain other conclusions and its Plan of Action is incorporated below,

1. Agricultural Building, \$150,000 exemption for building constructed in July 2012.

Your observation was that the property owner was six months late in filing for the agricultural building exemption under RPTL 483.

Specifically, the application contained a July 2012 construction completion date, but the application was filed on February 5, 2014, or six months late.

Your further observation was that this exemption should not have been granted under the law because the law provides that the application should or must be applied for within one year of the date of

completion. Since before 2012 the statute has provided: "Such application shall be filed with the assessor of the city, town, village or county having the power to assess property for taxation on or before the appropriate taxable status date of such city, town, village or county and within one year from the date of completion of such construction or reconstruction."

Consequently, this property owner incorrectly received a combined total of \$15,231 in County and Town tax reductions for fiscal years 2015 through 2018 and School tax reductions for fiscal years 2014-15 through 2017-18.

Notably, the statute does not say that the one year period runs from "substantial completion" or from "occupation." It may have been the case that the building was not fully completed in 2012, even though it was substantially completed and was being occupied. There are no reported cases interpreting the statute. There do not appear to be any pertinent regulations adding clarity to the statute. We find no definition of "complete" in the RPTL or in the General Construction Law. The only pertinent Tax Department legal opinion is 3-4 which dates back to 1973 and which apparently predates a change in the law. However, that opinion holds that "if an owner, because of neglect, oversight or some other reason, fails to file an application in one year, he may file an application in a subsequent year."

See
Note 1
Page 15

Further, despite the application deadline language of the Statute it is a fact that in April, 2012 the State Office of Real Property Services published a pamphlet entitled "Farm Building Exemptions; Questions and Answers." It was publication number 1094. It did not alert the public to the one year application deadline.

Where and When should the Application be Filed?: A: The application must be filed with the city, town, or county assessor on or before taxable status date."

Had the application been denied in 2012, it seems likely that such a decision would have been overturned by judicial order. **For these reasons the Town respectively disagrees with your conclusions in this matter. In our opinion, the Assessor used appropriate discretion in accepting this application.**

Even if the Town's conclusion was otherwise, there does not appear to be any methodology for removing the exemption at this time or for recovering any past benefits.

2. Ag Building exemption of \$300,000 granted in 2009.

Your observation is that a \$300,000 agricultural building exemption under RPTL 483 was granted in 2009. You noted that the total assessment on the property in question did not increase from 2008 to 2009 despite the construction of the building. Your concern is that you expected to see an increase in value from 2008 to 2009 which would be offset by the exemption. In other words, you are concerned that the owner got a "double dip."

It appears to be the case that the property in question is a large commercial farm with many agricultural buildings. There could have been many reasons for a lack of increase in the value of the

See
Note 2
Page 15

See
Note 3
Page 15

farm from 2008 to 2009 despite the building of a new building. Depreciation of other buildings may have been a contributing reason. The Assessor simply does not recall. The records that would tell us about this are the basic assessment records for the farm in 2009, not the exemption application records for the new building. Under the State's record retention schedule, MU-1, 14.591, such records for agricultural properties inside a agricultural district (like this one) are required to be kept for 6 years.

For these reasons the Town believes that any errors in assessment for this year, separate and apart from the section 483 exemption, are conjectural and not supported by any evidence. The fact that the Assessor failed to maintain certain evidence after 6 years is explained by the State's document retention schedule.

However, the Town agrees that the failure of the 2009 application to contain any data showing how the exemption was calculated is a proper finding. **The Town will require the Assessor to have and to maintain all proper records, completely filled out.**

3. **Ag Building exemption of \$100,000 granted in 2013.**

This finding is similar to 2 above. In this case the section 483 exemption was granted in 2013. From 2012 to 2013 the assessment on the farm in question fell by \$100,000. Similarly to 2 above, the application fails to contain data showing how the exemption was calculated. Because the records showing the reasons for the reduction in assessment were made within the last 6 years, such records should still be on file in the Assessor's Office.

The Town agrees that there was a failure of the Assessor to maintain proper documentation as to the assessment on the property. The Town further agrees that there was a failure of the Assessor to have an exemption application which properly shows the calculation of the requested exemption. **The Town will require the Assessor to have and maintain all proper records, completely filled out.**

4. **Agricultural Land Assessment Renewal records for 2017.**

The Town agrees with your finding that renewal records for agricultural and assessments under Agriculture and Markets Law section 305 should be strictly required and that **14** properties failed to file such renewal forms (RP-305-r) for 2017.

We note that AGM Law 305 is not an exemption, strictly speaking, but rather is an assessment methodology. This makes a difference for the length of time documents must be retained under State law. Of the 25 properties reviewed for the Audit, all were originally assessed under this methodology more than 20 years ago. The State document retention requirement for assessment information, including the original 305 application and the soil and lease attachments, is MU-I, section 14.591. This provides for a 6 year retention period. The Town believes that your finding of a failure to retain 9 of these original applications, 3 soil group worksheets and 3 leases is contradicted by the 6 year retention requirement.

See
Note 4
Page 15

The Town also notes that under AGM section 305 and under the renewal form, RP-305-r, the burden falls on the landowner to retain these records, including the soil group worksheet, and to provide them to the Assessor, if requested.

The Town will require the Assessor to have and maintain all proper records, completely filled out, especially agricultural land renewal forms such as RP-305-r. The Town will request that the Assessor obtain the missing information from the property owners or the Soil and Water Conservation Service office.

5. Veterans Exemption, Eligible Funds, Section 458

The Town agrees with your finding that the four involved properties had exemptions in place for a substantial number of years and that no documentation of such exemptions existed in the files. The combined exemption amount for these four properties was \$249 in 2017. There are still two (2) eligible fund properties on the tax roll.

The Town will require the Assessor to have and to maintain all proper records, completely filled out.

6. Veterans Exemption, Alternate, Non Combat, Section 458-a

You found that in 3 cases out of 11 reviewed, the Assessor failed to have an application or documentation of military service. The Town agrees that this documentation should have been in the file or the exemption should not have been granted.

The Town will require the Assessor to have and to maintain all proper records, completely filled out. In the event that the Assessor cannot obtain the necessary documentation for these 3 cases, the Town will ask the Assessor to consider removing the exemption, with due regard to any legal restrictions on such a removal.

You found that in 1 case that you reviewed the exemption was not properly applied to the County taxes for the years 2014 to 2018 because an incorrect exemption code was selected in the Real Property Tax System. At the exit interview your staff clarified that this was a computer entry made by the County's Real Property Tax Services office and not by the Assessor. Your staff believes that the Assessor has ultimate responsibility for this failure. The Town respectfully disagrees.

See Note 5 Page 15

7. Senior Citizens Exemption, RPTL 467

This finding concerns 4 properties, 4 of which had an exemption applicable to the school tax and 1 which also had an exemption for the Chateaugay Village tax. The Town agrees with your finding that the School has never adopted a resolution adopting the exemption. These are all gone from the 2019 tax roll.

You found that there were no original applications on file nor any renewals.

The Town will require the Assessor to have and to maintain all proper records, completely filled out, including the renewals for the Senior Citizens Exemption. The Town will require the Assessor to correspond with the County Real Property Services office to ensure that any such exemptions are not extended to the School tax.

The Town will also scan all applications for real property tax exemptions and maintain a copy on our computer or a flash drive.

Very truly yours,

Donald W. Bilow, Town Supervisor

Appendix C: OSC Comments on the Town's Response

Note 1

The application provided by the property owner stated construction was completed in July 2012. When discussed with the Assessor, he did not indicate or provide evidence that he questioned the status of construction or determined a reason the application was filed late prior to granting the exemption.

Note 2

When we discussed this property with the Assessor, he could not provide an explanation or documentation of his assessment determination for it.

Note 3

During the audit, the Assessor did not indicate his lack of documentation was the result of him following a records retention schedule and discarding records after six years. Further, the Assessor maintains his assessment files by year and not by individual property. In addition, the Assessor had annual files available dating back several years to provide information to us regarding other properties.

Note 4

The Assessor did not indicate that the proper documentation was not on file because of his interpretation of records retention requirements. If the Town did discard these records, we question how the Assessor could support a current year eligibility for exemptions without maintaining the correct supporting documentation for his verification.

Note 5

The Assessor is responsible for annually certifying the assessment roll as accurate and complete for all exemptions.

Appendix D: 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 the Assessor and reviewed various records and reports to gain an understanding of the Assessor's procedures for granting real property tax exemptions and documented any associated effects of deficiencies in those procedures.
- We interviewed Town, County, Village and School officials and reviewed local laws, ordinances and resolutions to determine whether the governing boards had properly approved any agricultural, veterans or senior citizens tax exemptions that were granted and required their authorization.
- We reviewed all six properties on the 2017 assessment roll receiving agricultural building exemptions to determine whether the granted exemptions were supported by proper documentation, met the eligibility requirements and were accurately calculated and applied. We then calculated the tax dollar effect of any exceptions found.
- We reviewed a judgmental sample of 25 properties on the 2017 assessment roll receiving agricultural district exemptions to determine whether the granted exemptions were supported by proper documentation, met the eligibility requirements and were accurately calculated and applied. We then calculated the tax dollar effect of any exceptions found. Our sample consisted of selecting, without any known bias, 25 properties receiving agricultural district exemptions listed throughout the 2017 assessment roll.
- We reviewed all four properties on the 2017 assessment roll receiving veterans eligible funds exemptions to determine whether the granted exemptions were supported by proper documentation, met the eligibility requirements and were accurately calculated and applied. We then calculated the tax dollar effect of any exceptions found.
- We reviewed a judgmental sample of 11 properties on the 2017 assessment roll receiving non-combat alternative veterans exemptions, 10 properties on the 2017 assessment roll receiving combat zone alternative veterans exemptions and 10 properties on the 2017 assessment roll receiving disabled alternative veterans exemptions to determine whether the granted exemptions were supported by proper documentation, met the eligibility requirements and were accurately calculated and applied. We then calculated the tax dollar effect of any exceptions found. Our samples consisted of selecting, without any known bias, properties receiving alternative veterans exemptions listed throughout the 2017 assessment roll.

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- We reviewed all four properties on the 2017 assessment roll receiving senior citizens exemptions to determine whether the granted exemptions were supported by proper documentation, met the eligibility requirements and were accurately calculated and applied. We then calculated the tax dollar effect of any exceptions found.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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 E: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

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

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

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

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

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

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

www.osc.state.ny.us/localgov/pubs/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/localgov/finreporting/index.htm

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

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

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

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

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

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

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

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