

TECHNICAL PAPER SERIES

Town Budget Process Overview

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NEW YORK STATE TUG HILL COMMISSION

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The Tug Hill Commission Technical and Issue Paper Series are designed to help local officials and citizens in the Tug Hill region and other rural parts of New York State. The Technical Paper Series provides guidance on procedures based on questions frequently received by the Commission. The Issue Paper Series provides background on key issues facing the region without taking advocacy positions. Other papers in each series are available from the Tug Hill Commission. Please call us or visit our website for more information.



Town Budget Process Overview

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Introduction

The town budget process in New York State can be confusing for both new town board members and seasoned officials. What follows is a timeline of when towns should be undertaking certain elements of the budgeting process, and the many references to state law that identify portions thereof.

Timeline

Early July -- The town is halfway through working with the current fiscal year budget. Now is a good time to do several things:

- Evaluate how the town is doing compared to what was estimated when the budget was created. Are there significant variations, positive or negative, in revenues or expenses? Does the town have a plan to stay within the current fiscal year budget? Are there any adjustments needed? Are any changes to the budget unique to this year, or do they need to be reflected in next year's town budget?

Mid-July – The State Comptroller releases the tax levy limit for budgets beginning with the next calendar year.

August – Since department heads are required to have their budget estimates back *in* to the budget officer by September 20, many choose to issue these at least a month earlier. The State Comptroller recommends that budget estimate forms be distributed before September 1. Some budget officers also provide the department heads with information about how much money was budgeted in the current fiscal year, and how much has been expended.

This is probably also a good time for the budget officer to request an Exemption Report from the town assessor. The town is required to attach to the tentative and preliminary budgets an exemption report, which shall show how much of the total assessed value on the final assessment roll is exempt from taxation. (Real Property Tax Law, Section 495), and this report becomes part of the final budget.

Real Property Tax Law 495 also requires that this report must be mentioned in any notice of the preparation of the budget otherwise required by law, *and* posted on any bulletin board maintained by the town for public notices, *and* on any website maintained by the town.

September 20 – Budget requests are due back to the budget officer. The budget officer then prepares the tentative budget, including his recommendations, and which may include a budget message explaining the main features of the tentative budget and any additional information as he may deem advisable.

The New York State Comptroller identifies these as topics which a budget message should discuss:

- Changes from the prior budget, such as appropriations for capital projects
- Substantial increases in specific appropriations
- Appropriations for new services, such as garbage and refuse removal
- The financial condition of the town
- New or drastically changed revenue sources
- Any other item of interest to the town board and the taxpayers

September 30 – The budget officer files the tentative budget with the town clerk on or before today.

October 5 – The town clerk presents the tentative budget to the town board at a regular or special meeting.

October 5 – late October – The beginning of the preliminary budget round is a good time for the town supervisor to perform the calculation with the state comptroller’s office on what amount the town can levy without exceeding the tax levy limit.

The town board reviews the tentative budget and makes such changes, alterations, and revisions as it considers advisable, consistent with law. The tentative budget and any changes approved by the town board becomes the preliminary budget. The preliminary budget is files in the town clerk’s office, and the town clerk shall make copies for public distribution as the town board may direct.

See Section 107 of Town Law for the specifics of the preliminary budget format, but generally, it includes:

- Proposed appropriations and estimated revenues
- Estimated fund balances, with each fund balance broken down into:
 - Encumbrances
 - Any amount appropriated to *next* year’s budget
 - “Amounts reserved for stated purposes pursuant to law”, including money the town intends to put in a reserve fund
 - The remaining estimated unappropriated unreserved fund balance, which shall not exceed “a reasonable amount.”

(Beyond this – a comparison of current fund balances to past years’ fund balances enables a community to get a better picture of its fiscal fitness and whether the town’s fiscal position is generally improving or declining. It can provide a valuable early warning of detrimental trends, more easily corrected if detected early.)

- The amount of taxes to be levied
- Salaries of elected officers
- “Such other information pertinent to the above as shall be prescribed by the state comptroller”

The preliminary budget “shall also include any other data which the town board may, by resolution, require.”

The town board may call upon the head of any administrative unit and the budget officer to discuss the tentative budget and the estimates as originally submitted.

The head of any administrative unit may request in writing that he be permitted to explain his estimates to the town board.

Section 27 of Town Law defines compensation of town officers and employees. Highway Law 141 defines the estimate of expenditures for highways and bridges, and Highway Law 271 sets limitations on the amounts to be raised.

If a town is contracting with an incorporated fire company, the incorporated fire company *shall* file with the town board a statement *itemizing* the estimated costs of the incorporated fire company attributable to the cost of providing services under the proposed contract, and other reports specified in Town Law section 184.

All this needs to be done with this timetable in mind: the town board is required to have a public hearing on the preliminary budget. That shall be held on *or before* the Thursday following the general election – so, early November.

However, there needs to be a notice of the public hearing, and that needs to be published with at least five days between date of publication and the date of the hearing. And with some municipalities which official newspaper has a weekly publication schedule, and a press deadline before that – it’s a good idea at the start of October to figure out what the town’s true deadline is for completion and submission of the preliminary budget to the town clerk.

The notice of the meeting includes:

- Time, date, and location of the public hearing
- A mention that the preliminary budget is available at the town clerk’s office for inspection during office hours
- Proposed salaries of elected officials
- Notice of the exemption report

At this point, the town will know whether next year’s budget as constructed is within the tax levy limit. If it is not, the town will need to pass a local law overriding the tax levy limit. This law only applies to the budget at hand for the next fiscal year, and it must be adopted before the town adopts its final budget. If it is not, and the town exceeds the levy limit, those moneys cannot be spent, and must be used to reduce the tax levy in a future year.

On or before the Thursday following the General Election – The town board holds a public hearing on the preliminary budget. The hearing may be adjourned from day to day but not past November 15.

November 7 – If the town has a fire district (not the same thing as a fire *protection* district), the boards of fire commissioners must file their budgets with the town budget officer by November 7, and the budget officer must add the fire district budget to the town’s annual budget. This budget is not subject to change by the budget officer or town board.

After the public hearing on the preliminary budget – The town board may continue to “change, alter and revise” the preliminary budget.

November 20 -- When the town board is finished with it, the town board needs to adopt it *by resolution* (sample resolutions are available from the Tug Hill Commission) no later than November 20. If the town board does not adopt a budget as of November 20, the preliminary budget becomes the final budget, with such changes, alterations and revisions, if any, made by the town board by then.

After budget adoption, or after November 20 if the town board fails to adopt a budget by then – The town clerk shall prepare and certify in duplicate a copy of the annual budget as adopted by the town board, together with the estimates of improvements, if any, adopted pursuant to section two hundred two-a. The town clerk affixes to the annual budget the certified annual budget of each fire district. Within five days, the town clerk delivers two copies to the town supervisor, and the supervisor then gives a copy of the annual budget to the board of supervisors in the county.

The board of supervisors then causes the amounts in the budget to be raised, and prints the budget or a “summary, recapitulation or abstract” in the journal or proceedings of the board of supervisor.

References

Highway Law, Section 141 – Estimates of expenditures for highway and bridges
<https://www.nysenate.gov/legislation/laws/HAY/141>

Highway Law, Section 271 – Limitations of amounts to be raised
<https://www.nysenate.gov/legislation/laws/HAY/271>

Town Law, Section 27 – Compensation of town officers and employees
<https://www.nysenate.gov/legislation/laws/TWN/27>

Town Law, Section 29 – Powers and duties of supervisor
<https://www.nysenate.gov/legislation/laws/TWN/29>

Town Law, Section 105 – Fire district estimates and budget
<https://www.nysenate.gov/legislation/laws/TWN/105>

Town Law, Section 106 – Preparation, filing and review of tentative and preliminary budgets
<https://www.nysenate.gov/legislation/laws/TWN/106>

Town Law, Section 107 – Contents of preliminary budget
<https://www.nysenate.gov/legislation/laws/TWN/107>

Town Law, Section 108 – Public hearing
<https://www.nysenate.gov/legislation/laws/TWN/108>

Town Law, Section 109 – Final revision and adoption of budget
<https://www.nysenate.gov/legislation/laws/TWN/109>

Town Law, Section 115 – Tax Levy
<https://www.nysenate.gov/legislation/laws/TWN/115>

Town Law, Section 184 – Fire protection districts
<https://www.nysenate.gov/legislation/laws/TWN/184>

Town Law, Section 202 – Expenses of improvement; how raised
<https://www.nysenate.gov/legislation/laws/TWN/202>

Real Property Tax Law, Section 495 – Exemption reports
<https://www.nysenate.gov/legislation/laws/RPT/495>

Information for Town Officials – Office of the New York State Comptroller
<https://www.osc.state.ny.us/files/local-government/publications/2020/pdf/information-for-town-officials.pdf>

Real Property Tax Cap – Local Governments – Office of the New York State Comptroller
<https://www.osc.state.ny.us/local-government/property-tax-cap/real-property-tax-cap-local-governments>

Understanding the Budget Process – Office of the New York State Comptroller
<https://www.osc.state.ny.us/files/local-government/publications/pdf/budgetprocess.pdf>