



December 8, 2021

Division of Local Government and School Accountability
Town of Stanford Financial Management
2021M-130

For each recommendation included in the audit report, the following is our corrective action taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Recommendations

The Board should:

1. Attend training for budgeting and financial management.

As explained in my letter of response to the OSC dated September 12, 2021, I failed in accurately inform our OSC auditors in a timely manner of the seminars/webinars our Town Board members had indeed attended. I [Wendy Burton, Supervisor] attended two 2 ½ days seminars hosted by the Association of Towns and the OSC. The first was in Albany in early 2020 and the second was in New York City. Some of the classes I attended were : Financial Toolkit for Local Officials, Understanding Financial Conditions, Just Elected – What do to Now, Establishing and Accounting for Reserves and Accessing Financial Condition. This list is not complete. I have also taken instruction for a Municipal Bookkeeper of 30 years and a former OSC auditor. Margaret Fallon, who in 2020 was a new Board Member, took classes with the OSC on Fund Balance Policy [7/2020] and Just Elected: What to do Now. Deputy Supervisor Frank Pepe [who in 2020 was newly elected], took seminars/webinars too numerous to mention, but a few were: Town Government 101, Fiscal Accountability for Town Boards, Cash Management, Fund Balance Presentation & Best Practice: Guidelines for General Fund, Reserve Funds, Local Government Management Guide, Local Sales Taxes, Multiyear Financial Planning and Developing and Effectuated Fund Balance Policy.

Having just been re-elected Town Supervisor for a second term, I have signed up for the 2022 Annual Meeting and Training at the New York Marriott Marquis, February 20-23, 2022. In addition, our of our newly elected Town Board members, Nathan Lavertue and Anne Arent will be attending the online training for newly elected Town Officials in January given by the A.O.T.

In addition, throughout the year we all will continue to take advantage of OSC and AOT sponsored webinars.

2. Adopt balanced budgets and ensure that the budgets are transparent and include all necessary information.

This recommendation was aimed at the bad procedures followed by the Town Board who crafted budgets from 2016-2020. Our Town Board has crafted two Budgets, for 2021 and 2022 and they are balanced, transparent and include all necessary information. If you would like for me to attach a copy of our 2022 budget I am happy to do so. These budgets were put together with input from all Town Department Heads, were worked on by me in the capacity of Budget Officer, Deputy Supervisor Pepe, and the Bookkeeper to the Supervisor, Kim Acard. We held three workshops with the Town Board, held a Public Hearing and then the budgets were passed unanimously by the Town Board.

3. Ensure that budget estimates of revenues and appropriations are reasonable and based on historical data or known trends.

The Auditors found that the **former** Town Board's budgets over-estimated appropriations and underestimated revenues, which resulted in net operating deficits of \$710,942 instead of planned deficits totaling approximately \$2.6 million from 2016-2020. Therefore, appropriated fund balance totaling just over \$1.9 million was not used as planned. **The audit went on to say that annually appropriating unneeded fund balance to finance operations diminished the financial transparency to the taxpayers.**

Our budgets [2021 and 2022] used 5 years of historical data from A.U.D. reports as well as appropriation and revenue totals from our own accounting software, to prepare budgets that were lean and accurate to actual expenses and revenues. We will continue this practice. Revenues, we have learned, can be tricky to predict. For instance, Sales and Mortgage Tax revenues for 2021 will be considerably higher than what we had projected, and this has been true throughout Dutchess County. The housing market sky-rocketed, probably in part due to demographic changes from COVID migration. Our appropriations budget seems to be very close to target. In the future, I will be working on the 2023 budget with Kim Acard, Bookkeeper to the Supervisor and follow the same procedures in relation to Department Heads, workshops, and historical data.

4. Monitor operations against the budget throughout the year and take action to address any unexpected variances.

My administration implemented these practices in early 2020. I review monthly financial reports from our financial software system and do line-item adjustments within the General Fund and the Highway [DA] Fund to account for variances. The Town Board passes monthly Budget Modification Resolutions. I distribute monthly reports to each Department Head and

present written Financial Forecasts at our monthly Town Board Meetings. We have been working on a 5 Year Financial Plan which I hope will be passed by the Town Board in January. This will be a living document and will be adjusted when conditions necessitate changes.

5. Reduce the amount of fund balance in the General Fund to policy suggested levels and use excess funds to benefit taxpayers. Such uses could include, but are not limited to: Funding one-time expenditures, Funding needed reserves, Pay off of debt and Reducing real property taxes.

We incorporated all of these suggested recommendations in our 2022 budget.

We are funding the one time expense of a consultant for a Zoning Commission which will be formed in 2022 after the Town Board passes a new Comprehensive Plan for the Town of Stanford.

We funded two necessary reserves: The Highway Vehicle Reserve Fund and the Building Reserve Fund. Our highway vehicles are for the most part very old and in need of constant repair. We have a plan looking forward five years for replacement vehicles. We are having an assessment performed on all Town Buildings so we can plan for necessary improvements and repairs in advance.

We are paying off our Highway Vehicle B.A.N. this month.

We have reduced real property taxes for 2022 by 7.3%

In closing, our Town Board has taken measures to insure best financial practices and have instituted checks and balances on financial procedures. We were left in an untenable position by the outgoing administration [2019] when after losing the election, Supervisor Joseph Norton and Councilman Mark D'Agostino reduced the tax levy from an 11% cut to a 60% cut without a public hearing and without informing the other Town Board members. They left us with a large fund balance but it was distributed among 20 or so accounts and it took a tremendous amount of time and research to discover which accounts were fungible and which were not. We believed our best option was simply to return to 2019 tax levels which we did. We have now, after 15 months in office, identified the intention for all of those accounts to the best of our ability, have combined several, closed several, and report monthly on all of those account balances. Fund balance does not last forever and we are committed to planning for it and using it judiciously.

Respectfully submitted,

Wendy Burton
Supervisor, Town of Stanford

