

Financial Advisory Committee Report to the May 2018 Town Board

The Financial Advisory Committee (FAC) met on Thursday, 10 May as scheduled.

Monthly Audit

April Financials were audited by members Linda Swartz and Joyce Thompson. As is done monthly, the audit follows an established procedure to check deposits and withdrawals against bank statements, payroll and abstract transfers against payroll reports and bank statements, and money movement from Money Market to General Checking, Trust and Agency and any other active accounts. The review found no discrepancies or errors.

Departmental Budgeting Responsibilities

Thompson attended the 2018 Annual Finance School at Saratoga Springs in April and Departmental Budget Management Responsibility was a topic presented by the Office of the State Comptroller. The basic town financial management premise is that expenditures cannot exceed appropriated funding. Approval for an increased appropriation must be obtained before the expense can be initiated by the department. It is the responsibility of each department head to manage those expenses and ask for additional appropriated funding *before* incurring the expense.

The Town of Taghkanic uses a Voucher system. Taghkanic has found it necessary on occasion to make budget amendments to cover vouchers presented for payment. That means expenditures were authorized without sufficient appropriated funding.

Board Member Thompson suggests that the Town Board consider a policy requiring all department heads to be responsible for assuring that their available appropriated funds can cover all vouchers presented monthly for Town Board review. That would mean that no expenditure could be authorized by the department without its own documented evidence that there is sufficient money appropriated to cover it.

The monthly Supervisor's report shows the amount remaining on each of the department appropriation lines. This report can help each department head in budget management and documentation. Discrepancies found by the department can then be reported to the CFO.

To address operational efficiency, a process needs to be developed for obtaining timely approval for critical expenditures that would exhaust an appropriation. There can also be situations in which a bill is higher than the quote, for example, State Retirement. In that case the voucher would have to be presented with documented rationale for review and a budget adjustment proposal. As is done now, that budget amendment must be approved before payment can be authorized by the Town Board.

Highway Operating and Asset Management Plans

As was proposed at the April Town Board meeting, the board is considering the use of some money from the Highway Fund Balance to support more than the appropriated \$200,000 for 2018 road repair. Highway Superintendent Hotaling has finalized the Spring Road Review and will present an updated Road Repair Plan for Town Board approval. Superintendent Hotaling has also obtained a quote for the planned purchase of a new 2WD truck without wing plow of \$113,557 for the truck and approximately \$75,000 for the dump body and plow. These expenditures are part of the multi-year Highway Repair and Replace Plan.

Respectfully submitted,
Joyce Thompson and Linda Swartz, Financial Advisory Committee