



**THOMAS P. DiNAPOLI**  
COMPTROLLER

STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**  
110 STATE STREET  
ALBANY, NEW YORK 12236

**GABRIEL F DEYO**  
DEPUTY COMPTROLLER  
DIVISION OF LOCAL GOVERNMENT  
AND SCHOOL ACCOUNTABILITY  
Tel: (518) 474-4037 Fax: (518) 486-6479

April 2018

John Leavitt, Supervisor  
Members of the Town Board  
Town of Carlisle  
541 Crommie Road  
Carlisle, NY 12031

Report Number: P4-17-23

Dear Supervisor Leavitt and Members of the Town Board:

A top priority of the Office of the State Comptroller is to help Town officials manage their resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support Town operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard assets.

In accordance with these goals, we conducted an audit of 10 towns throughout New York State. The objective of our audit was to determine whether town assessors are properly administering select real property tax exemptions. We included the Town of Carlisle (Town) in this audit. Within the scope of this audit, we examined Agricultural,<sup>1</sup> Persons 65 Years of Age or Older (Senior Citizens)<sup>2</sup> and Veterans<sup>3</sup> exemptions for the period January 1, 2016 through March 8, 2017. This audit was conducted 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.

This report of examination letter contains our findings and recommendations specific to the Town. We discussed the findings and recommendations with Town officials and considered their comments, which are included in Appendix A, in preparing this report. Town officials generally agreed with our recommendations and indicated they plan to initiate corrective action. At the

---

<sup>1</sup> Section 305 of the Agriculture and Markets Law and Section 483 of the Real Property Tax Law

<sup>2</sup> Section 467 of the Real Property Tax Law

<sup>3</sup> Sections 458, 458-a and 458-b of the Real Property Tax Law

completion of our audit of the 10 towns, we prepared a global report that summarizes the significant issues we identified at all of the towns audited.

## **Summary of Findings**

The former Assessor did not properly administer select real property tax exemptions. Specifically, the former Assessor did not maintain adequate supporting documentation of granted real property tax exemptions. As a result, we could not verify whether property owners received appropriate tax reductions totaling as much as \$20,700. If exemptions were not properly granted, it could have resulted in higher property tax bills for other residents. Conversely, due to an error in the exemption calculation, one resident did not receive the proper exemption amount and, therefore, incurred a higher tax bill. The failure to maintain adequate records, require annual renewals, verify and review information annually or correctly calculate exemptions increases the risk that individuals could receive exemptions to which they are not entitled on future tax rolls. The current Assessor reviewed properties receiving selected exemptions and properly removed inappropriate exemptions from the 2017 assessment roll. We also noted an increase in supporting documentation maintained for the most recent agricultural exemptions granted.

## **Background and Methodology**

The Town is located in Schoharie County, covers 34 square miles and has approximately 1,900 residents. The Town's 2017 budgeted appropriations totaled \$827,300. Major costs included road maintenance and improvements, snow removal and general government support. These costs are funded primarily through real property taxes and State aid.

The Town is governed by a five-member Town Board (Board). The Town Supervisor (Supervisor) is a Board member and serves as the chief executive and chief fiscal officer. The Town Assessor (Assessor) is responsible for granting and tracking real property tax exemptions within the Town's boundaries, including the County and school districts. The Assessor determines the assessed values of properties each year for the assessment roll (2016), which is then used to create the tax bills for the following year's tax roll (2017). The Assessor is responsible for retaining a properly completed application form and additional supporting documentation that a property was eligible for an exemption. The Town had approximately 1,100 parcels totaling \$74 million in total taxable assessed value in 2016, with 325 Agricultural, Senior Citizens and Veterans exemptions totaling \$4.2 million in assessed value. The current Assessor was appointed on January 1, 2017 and also serves three other towns. The Assessor works 32 hours per month at the Town.

To complete our audit objective, we reviewed Agricultural, Senior Citizens and Veterans exemptions documentation for accuracy and propriety. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). More information on the standards and the methodology used in performing this audit are included in Appendix B of this report. 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.

## **Audit Results**

To properly administer real property tax exemptions, the Assessor needs to ensure applicants meet eligibility requirements and receive the proper calculated exemption amount. The Assessor should also retain supporting documentation for those granted exemptions and consult with the New York State Office of Real Property Tax Services (ORPTS) or the Schoharie County Real Property Tax Services Office, as necessary, for technical assistance.

Agricultural – The Agricultural exemption generally requires an 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. The Agricultural exemption amount is calculated based on a New York State certified soil productivity value for each parcel. Property owners may also lease acreage to eligible farmers and receive an Agricultural exemption. Property owners receiving certain Agricultural exemptions are required to file a renewal form each year certifying the property remains eligible for the exemption. Although the renewal form does not require proof of income, Assessors should be periodically verifying farm income to ensure the property remains eligible.

Eleven of the 20 properties we reviewed receiving an Agricultural exemption lacked any support for the soil productivity values assigned to the property. Therefore, the eligibility of these exemptions could not be verified due to the lack of supporting documentation. As a result, these property owners possibly received a total of \$8,000 in County, Town and School tax reductions inappropriately for fiscal year 2017. Three properties had expired leases or lease affidavits with no additional documentation indicating the leases were renewed, equating to approximately \$1,700 in possible inappropriate reductions. Further, three properties were leased to farmers where the Assessor failed to verify the income requirements, totaling \$1,800 in possibly inappropriate tax reductions. With the exception of these properties, we found the Assessor appropriately required proof of income to verify continued eligibility of the Agricultural exemptions.

Senior Citizens – The Senior Citizens exemption requires the property be used exclusively for residential purposes and owned by a person 65 years or older (with some familial exceptions), with varying income limits established by each municipality. Real Property Tax Law also allows income deductions, such as certain medical expenses, to be considered in calculating the exemption amount when adopted by the Town.

Eight of the 10 properties we reviewed receiving a Senior Citizens exemption lacked proof of age eligibility with the initial application. Further, three of these eight files also lacked proof of income. Therefore, the eligibility of these exemptions could not be verified due to the lack of supporting documentation. This may have resulted in these property owners inappropriately receiving a total of \$7,900 in County, Town and School tax reductions for fiscal year 2017. Further, the former Assessor did not deduct unreimbursed medical expenses from the property owner's income for one of the properties, resulting in the owner paying a slightly higher tax bill.

Veterans – Requirements related to Veterans exemptions vary, but typically include that the primary residence is 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 were discharged under honorable conditions. Towns may pass local laws that establish

these exemptions, as well as raise or lower the maximum amount that a single property may be exempt from. Furthermore, disabled veterans may receive an additional exemption based on supporting documentation.

Ten of the 20 properties we reviewed receiving a Veterans exemption lacked supporting documentation. Therefore, the eligibility of these exemptions could not be verified due to the lack of supporting documentation. As a result, these property owners possibly received \$1,300 in County and Town tax reductions inappropriately for fiscal year 2017.

Granted exemptions reduce the taxable assessed value of a property and, therefore, the owner’s tax payment. To ensure the Town’s tax levy is fair and equitable, it is important that the Assessor determine every exemption is legitimate. The Town granted a total of 851 of these exemptions on the 2016 assessment roll, collectively reducing the taxable assessed value by more than \$12 million. We found exceptions with 84 of the 132 exemptions reviewed (Figure 1). These properties with exceptions had their total taxable assessed value reduced by more than \$1.3 million.

**Figure 1: Fiscal Year 2017 Real Property Exemptions and Exceptions**

<b>Local Government Type</b>	<b>Total Exemptions<sup>(a)</sup></b>	<b>Total Exempted Value<sup>(a)</sup></b>	<b>Total Number of Exemptions Tested</b>	<b>Exceptions Identified from Records</b>	<b>Total Exempted Value of Exceptions</b>
County	320	\$4,486,774	49	30	\$465,881
Town	325	\$4,180,325	53	32	\$458,623
School	206	\$3,505,374	30	22	\$432,717
<b>Totals</b>	<b>851</b>	<b>\$12,172,473</b>	<b>132</b>	<b>84</b>	<b>\$1,357,221</b>

<sup>(a)</sup> This includes only Agricultural, Senior Citizens and Veterans exemptions categories.

Every exemption shifts the tax burden to the non-exempt properties. Therefore, the high rate of exceptions noted above (64 percent) can cause inequity among taxpayers for financing local government operations to the extent that exemptions are inappropriately given. The total exempted value for these three exemption categories is almost 6 percent of the Town’s taxable assessed value.

However, we noted an improvement in the retention of supporting documentation with the current Assessor’s files. We found that income support for Agricultural exemptions improved from 50 percent of properties to 85 percent. Furthermore, in March 2017, the Assessor mailed questionnaires to residents receiving certain exemptions requesting support for their eligibility. She also followed up with property owners who had questionable eligibility for another exemption as reported by ORPTS. These proactive procedures resulted in the removal of 19 inappropriate exemptions<sup>4</sup> totaling \$450,000 from eight properties with an assessed value of \$665,100 from the 2017 tentative assessment roll. Based on the 2016 tax rates, this reduced the tax burden to other

<sup>4</sup> These include eight School Tax Relief (STAR), three Senior Citizens and eight Veterans exemptions

residents by \$9,200. We commend the Assessor for improving controls over the administration of the Town's exemptions.

### **Recommendations**

The Assessor should:

1. Ensure all applicants provide adequate supporting documentation before granting exemptions.
2. Correctly apply statutory provisions to granted exemptions and consult with ORPTS or Schoharie County Real Property Tax Services Office, as necessary, for any technical assistance.
3. Maintain documentation to support eligibility for all exemptions.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded 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 this plan available for public review in the Clerk's office.

We thank the officials and staff of the Town for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo  
Deputy Comptroller

**APPENDIX A**

**RESPONSE FROM TOWN OFFICIALS**

The Town officials' response to this audit can be found on the following page.

# *Town of Carlisle*

---

Town Supervisor  
Larry R. Bradt

P.O. Box 119  
Carlisle, NY 12031

August 10, 2017

Gabriel F. Deyo  
Deputy Comptroller  
Division of Local Government and School Accountability  
110 State Street  
Albany, NY 12236

**Attention:** [REDACTED]

RE: Audit Draft Report Number P4-17-23

As requested we offer the following comments on your draft report dated July 12, 2017.

1. After conferring with our town assessor, she is comfortable with your draft report's findings and planned recommendations. As you know, she has already implemented some of your recommendations and suggestions.
2. We believe the audit was performed in a professional manner and our assessor has gained beneficial knowledge working with your office. She is grateful for your assistance and helpful information received from your office staff.

If you have any questions, please contact me at 518-234-7080.

Sincerely,

Larry R. Bradt  
Carlisle Town Supervisor

Cc; Stacy Bruyette, Town Clerk  
Susan Crosby, Assessor

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed Board minutes, monthly Assessor reports and applicable local legislation to gain an understanding of the audit scope. We inquired with the Assessor about the real property exemption process and record keeping requirements.
- We randomly selected 20 properties with an Agricultural exemption totaling \$2.2 million in assessed value for further testing. We reviewed the original application<sup>5</sup> to determine whether all required documentation was submitted. We reviewed any income support to determine whether the farmer met the minimum requirements. If applicable, we also determined whether the property had a current Agricultural exemption renewal form on file. If the property was leased to another farmer, we determined whether there was a current lease on file. We then recalculated the exemption for all nine properties with available supporting documentation to determine whether the property received the proper exemption amount. We also performed an aerial observation of the property using mapping software to verify the property did not appear fallow or uncultivated. We then calculated the tax dollar effect of any exceptions found.
- We randomly selected 10 properties with a Senior Citizens exemption totaling \$712,000 in assessed value for further testing. We verified the income reported meets the eligibility as established by each municipality. We noted whether the Town retained any record of income or age. We also recalculated the exemption amount taking into consideration allowable income deductions, such as certain medical expenses. We then calculated the tax dollar effect of any exceptions found.
- We randomly selected 20 properties with a Veterans exemption totaling \$1.2 million in assessed value for further testing. We reviewed the record retained to justify the exemption. We recalculated the exemption amount to verify the property received the appropriate exemption amount.
- We reviewed 25 properties totaling \$2.6 million in assessed value that had exemptions granted in 2017 under the current Assessor's new procedures and controls to verify the exemptions were better supported and appropriate.
- We reviewed a listing of eight properties totaling \$665,000 with inappropriate exemptions as detected by the Assessor and determined whether they were removed from the 2017 tentative assessment roll.

We conducted this performance audit in accordance with GAGAS. 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.

---

<sup>5</sup> [https://www.tax.ny.gov/pdf/current\\_forms/orpts/rp305\\_fill\\_in.pdf](https://www.tax.ny.gov/pdf/current_forms/orpts/rp305_fill_in.pdf)