



**ALAN G. HEVESI**  
COMPTROLLER

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

**MARK P. PATTISON**  
DEPUTY COMPTROLLER  
DIVISION OF LOCAL GOVERNMENT SERVICES  
AND ECONOMIC DEVELOPMENT  
Tel: (518) 474-4037 Fax: (518) 486-6479

October 6, 2006

Honorable James F. Brown, Mayor  
And Members of the Common Council  
City of Rome City Hall  
198 N. Washington Street  
Rome, NY 13440

Dear Mayor Brown and Members of the Common Council:

Chapter 709 of the Laws of 1994 authorizes the City of Rome to issue debt totaling approximately \$6.795 million to liquidate a deficit as of December 31, 1993 that related to the City's former hospital. Chapter 709 requires the City's chief fiscal officer to submit the City's tentative budget to the State Comptroller within five days after its preparation. The State Comptroller must examine the proposed budget and make recommendations for any changes that are needed to bring the proposed budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the City and prior to the approval of the budget.

Our office has recently completed an audit of the City's proposed budget for the 2007 fiscal year. The objective of the audit was to provide an independent evaluation of the proposed budget. Our audit addressed the following questions related to the proposed budget:

- Are the City's revenue and expenditure projections in the proposed budget reasonable?
- Is the City's budget structurally balanced so that recurring costs are financed with recurring revenues?

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) with the exception of reporting views of responsible officials which were not solicited for this report due to the necessity of providing the City with this time-sensitive information. However, the results of this audit have been discussed with City officials and their comments have been considered in preparing this report. GAGAS requires that we plan and perform our audit to adequately assess the estimates in the proposed budget. Further, those standards require that we understand the City's management controls and those laws, rules and regulations that are relevant to preparing estimates for the proposed budget.

To accomplish our objectives in this audit, we requested your tentative budget along with other pertinent information. We analyzed the composition of revenues and expenditures in order to

determine if the revenue and expenditure estimates are reasonable and if the budget is structurally balanced so that recurring costs are financed with recurring revenues. It was not our intent and we do not offer comments on public policy decisions, such as, the type and level of services to be provided.

The proposed budget package for the fiscal year ending December 31, 2007 submitted for audit consisted of the following:

- 2007 Proposed Budget
- Supplementary Information

The proposed budget submitted to our office is summarized as follows:

Fund	Appropriations & Provisions For Other Uses	Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General*	\$40,375,932	\$23,101,412	\$4,220,000	\$13,777,221

\* General Fund Includes General City and Inside District

The observations and recommendations resulting from our audit are, to a great extent, influenced by the quality and quantity of materials submitted, and the time between submission and budget adoption.

Based on the results of our audit, except as noted below in Deferred Tax Revenues, we have found the significant revenue and expenditure projections in the proposed budget to be reasonable and the proposed budget to be structurally balanced.

Our audit disclosed the following budget related findings which should be reviewed by City officials for appropriate action. Good management practices require that City officials take prompt action concerning our recommendations. We believe that prompt action by City officials will help improve the City's financial condition.

Deferred Tax Revenues- The proposed budget contains a \$100,000 appropriation for uncollectible taxes which can be used to write off any tax assets that are sold at a loss or prove uncollectible. In addition to the \$100,000 appropriation for uncollectible taxes, there is also a need to provide for a tax overlay for taxes receivable (deferred tax revenue) that are not collected within the next budgetary cycle. There is no provision in the proposed budget to provide additional moneys for deferred tax revenues. City officials should carefully monitor the relationship between the delinquent taxes receivable and deferred tax revenues to help ensure that deferred tax revenues are sufficient to cover taxes receivable that will not be collected and available to cover next year's expenditures in the proposed budget.

Budget Format- In addition, although the proposed budget was submitted to the Common Council on September 29, 2006, the balances listed for year-to-date revenues and expenditures

were only through June 30, 2006, even though balances in the accounting records were posted through August 31, 2006. We encourage City officials to utilize the most current financial information available for year-to-date revenues and expenditures for the proposed budget. This will provide additional guidance when preparing budget estimates in the proposed budget.

The Common Council has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, the Common Council should prepare a plan of action that addresses the recommendations in this report and forward the plan to our office within ninety days. We encourage the Common Council to make this plan available for public review in the City Clerk's office. For guidance in preparing your plan of action and filing this report, please refer to the attached documents. We also request that you provide us with a copy of the adopted budget.

We hope that this information is useful as you adopt a budget for your City. If you have any questions on the scope of our work, please feel free to contact the Syracuse regional office at (315) 428-4192.

Very truly yours,

Mark P. Pattison  
Deputy Comptroller

cc: John A. Nash, City Treasurer  
Pasquale Lisandrelli, Deputy Treasurer  
Louise Glasso, City Clerk  
Hon. Owen H. Johnson, Chair, Senate Finance Committee  
Hon. Herman D. Farrell, Chair, Assembly Ways and Means Committee  
Hon. RoAnn M. Destito, State Assemblywoman  
Hon. David J. Valesky, State Senator  
Hon. Raymond A. Meier, State Senator  
John F. Cape, Director, Division of the Budget