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April 20, 2017

Ed Markunas, Mayor
Members of the Board of Trustees
Village of Suffern
61 Washington Avenue
Suffern, NY 10901

Report Number: B17-6-8

Dear Mayor Markunas and Members of the Board of Trustees:

Chapter 99 of the Laws of 2015 authorizes the Village of Suffern (Village) to issue debt not to exceed \$5 million to liquidate the accumulated deficits in the Village's general, water, sewer and capital projects funds as of May 31, 2015. New York State Local Finance Law Section 10.10 requires local governments that have been authorized to issue obligations to fund operating deficits to submit to the State Comptroller each year, starting with the fiscal year during which the local government is authorized to issue the deficit obligations and for each subsequent fiscal year during which the deficit obligations are outstanding, their proposed budget for the next succeeding fiscal year.

The budget must be submitted no later than 30 days before the date scheduled for the governing board's vote on its adoption or the last date on which the budget may be finally adopted, whichever is earlier. The State Comptroller must examine the proposed budget and make recommendations, as deemed appropriate. Recommendations, if any, are made after the examination into the Village's estimates of revenues and expenditures. The Village Board is required to make adjustments to the proposed budget consistent with any recommendations made by the State Comptroller.

Our Office has recently completed a review of the Village's budget for the 2017-18 fiscal year. The objective of the review was to provide an independent evaluation of the proposed budget. Our review addressed the following question related to the Village's budget for the upcoming fiscal year:

- Are the significant revenue and expenditure projections in the Village's proposed budget reasonable?

To accomplish our objectives in this review, we requested your proposed budget, salary schedules, debt payment schedules and other pertinent information. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases or decreases. We analyzed, verified and/or corroborated trend data and estimates, where appropriate. We identified any significant new or unusually high revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to determine the nature of the items and to assess whether the estimate was realistic and reasonable.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

The proposed budget package submitted for review for the 2017-18 fiscal year consisted of the following:

- Cover Letter
- 2017-18 Proposed Budget
- Supplementary Information

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

Fund	Appropriations and Provisions for Other Uses	Estimated Revenue	Appropriated Fund Balance	Real Property Taxes
General	\$14,668,913	\$3,771,246	-0-	\$10,897,667
Water	\$2,040,633	\$2,040,633	-0-	-0-
Sewer	\$2,171,953	\$2,171,953	-0-	-0-

Based on the results of our review, we found that the significant revenue and expenditure projections in the proposed budget are reasonable.

Tax Cap Compliance

Chapter 97 of the Laws of 2011 established a tax levy limit on local governments, which was effective in the Village beginning with the 2012-13 fiscal year. The law generally precludes local governments from adopting a budget that requires a tax levy that exceeds the prior year's tax levy by more than 2 percent or the rate of inflation, whichever is less, unless the governing board adopts a local law to override the tax levy limitation.

The Village's proposed budget does not comply with the tax levy limit because it includes a tax levy of \$10,897,667, which is \$208,037 above the limit established by law. In adopting the 2017-18 budget, the Board should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless the Board properly approves overriding the tax levy limit.

We request that you provide us with a copy of the adopted budget.

We hope that this information is useful as you adopt the upcoming budget for the Village. If you have any questions on the scope of our work, please feel free to contact Tenneh Blamah, Chief Examiner of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

cc: Michael Genito, Treasurer
Virginia Menscher, Village Clerk
Hon. Catherine Young, Finance Committee Chair, NYS Senate
Hon. Herman Farrell, Jr., Ways and Means Committee Chair, NYS Assembly
Hon. Ellen Jaffee, NYS Assembly
Hon. David Carlucci, NYS Senate
Robert F. Mujica, Jr., Director, Division of Budget
Andrew A. SanFilippo, Executive Deputy Comptroller
Tennah Blamah, Chief Examiner, Newburgh Regional Office