



**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 8, 2015

Dr. Barbara Walkley, Superintendent of Schools  
Members of the Board of Education  
Beacon City School District  
10 Education Drive  
Beacon, NY 12508-4066

Report Number: B6-15-4

Dear Dr. Walkey and Members of the Board of Education:

Chapter 308 of the Laws of 2005 authorized the Beacon City School District (District) to issue debt up to a maximum amount totaling \$5,288,000 to liquidate the accumulated deficit in the District's general fund as of June 30, 2005. Local Finance Law Section 10.10 requires all 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 obligations and for each subsequent fiscal year during which the deficit obligations are outstanding, their preliminary 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 the adoption of the budget or the last date on which the budget may be finally adopted, whichever is sooner. The State Comptroller must examine the preliminary budget and make recommendations for any changes that are needed to bring the preliminary budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the District.

Our Office has recently completed a review of the District's preliminary budget for the 2015-16 fiscal year. The objective of the review was to provide an independent evaluation of the preliminary budget. Our review addressed the following question related to the District's preliminary budget for the 2015-16 fiscal year:

- Are the significant revenue and expenditure projections in the District's preliminary budget reasonable?

To accomplish our objective in this review, we requested your preliminary 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. We also evaluated the amount of fund balance appropriated in the preliminary budget to be used as a financing source and determined if the amount of fund balance was available and sufficient for that purpose.

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 preliminary budget package submitted for review for the fiscal year ended 2015-16 consisted of the following:

- 2015-16 Preliminary Budget
- Supplementary Information

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

<b>Fund</b>	<b>Appropriations and Provisions and Other Uses</b>	<b>Estimated Revenues</b>	<b>Appropriated Fund Balance</b>	<b>Real Property Taxes</b>
General	\$66,250,000	\$27,487,082	\$2,500,000	\$36,262,918

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

The District’s 2015-16 preliminary budget includes the appropriation of \$2.5 million of fund balance to help finance 2015-16 operations. District officials must be aware that continued use of fund balance will eventually lead to its depletion and a new revenue source will need to be identified to fund operating expenditures. District officials should monitor the District’s use of fund balance to ensure that action is taken, if necessary, to identify other funding sources that can be used to fund operations.

### **Tax Cap Compliance**

The State Legislature enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on all local governments and school districts, which was effective beginning in the 2012 fiscal year. The law precludes a school district 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, and certain exclusions permitted by law, unless 60 percent of district voters approve a budget that requires a tax levy that exceeds the statutory limit.

The District’s proposed budget complies with the tax levy limit because it includes a tax levy of \$36,262,918, which is within the limits established by law. In adopting the 2015-16 budget, the

Board of Education 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 it obtains the proper voter approval to override 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 a budget for the District. 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.

Very truly yours,

Gabriel F. Deyo  
Deputy Comptroller

cc: Ms. Ann Marie Quartironi, Assistant Superintendent for Business  
Ms. Kelly Pologe, Clerk of the Board of Education  
Mr. John C. Pennoyer, District Superintendent, BOCES  
Hon. John A. Defrancisco, Chair, NYS Senate Finance Committee  
Hon. Herman D. Farrell, Chair, NYS Assembly Ways and Means Committee  
Hon. Frank Skartados, NYS Assembly  
Hon. Sue Serino, NYS Senate  
Mary Beth Labate, Director, Division of the Budget  
Elizabeth Berlin, Acting Commissioner, State Education Department  
Maria C. Guzman, Director, Office of Audit Services, State Education Department  
Ms. Tenneh Blamah, Chief Examiner, Office of the State Comptroller  
Andrew A. SanFilippo, Executive Deputy Comptroller