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October 31, 2014

Karl Brabenec, Town Supervisor  
Members of the Town Board  
Town of Deerpark  
420 Route 209  
Huguenot, NY 12746

Report Number: B6-14-17

Dear Supervisor Brabenec and Members of the Town Board:

Chapter 270 of the Laws of 2008 authorizes the Town of Deerpark (Town) to issue debt totaling \$868,000 to liquidate the accumulated deficit in the Town's general fund as of December 31, 2008. New York State 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 its adoption or the last date on which the budget may be finally adopted, whichever is earlier. 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 Town.

Our Office has recently completed a review of the Town's preliminary budget for the 2015 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 Town's budget for the 2015 fiscal year:

- Are the significant revenue and expenditure projections in the Town'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 2015 fiscal year consisted of the following:

- Cover Letter
- 2015 Preliminary Budget
- Supplementary Information

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

<b>Fund</b>	<b>Appropriations and Provisions for Other Uses</b>	<b>Estimated Revenues</b>	<b>Appropriated Fund Balance</b>	<b>Real Property Taxes</b>
General	\$3,236,550	\$1,280,718	\$460,000	\$1,495,832
Highway	\$1,850,180	\$542,333	\$275,000	\$1,032,847

Based on the results of our review, we found the significant revenue and expenditure projections in the preliminary budget are reasonable. The amount of appropriated fund balance in the general and highway fund budgets represent 14 and 15 percent, respectively, of the total appropriations. The Town should be cautious about continuing to rely on fund balance, a nonrecurring revenue, to fund such a significant part of its budgeted appropriations.

### **Tax Cap Compliance**

The State Legislature and the Governor enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on all local governments, which was effective beginning in the 2012 fiscal year. The law precludes local governments from adopting a budget that requires a tax levy that exceeds the prior year 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 Town’s proposed budget complies with the tax levy limit because it includes a tax levy of \$2,787,654, which increases the 2015 tax levy by 0.78% percent over the 2014 tax levy of \$2,765,984. In adopting the 2015 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 it adopts a local law to override the cap.

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 Town. If you have any questions on the scope of our work, please feel free to contact Tenneh Blamah, Chief Examiner of our Newburgh Office, at (845) 567-0858.

Very truly yours,

Gabriel F. Deyo

cc: Florence Santini, Town Clerk  
Hon. John A. DeFrancisco, Chair, Senate Finance Committee  
Hon. Herman D. Farrell, Chair, Assembly Ways and Means Committee  
Hon. Aileen M. Gunther, NYS Assembly  
Hon. John J. Bonacic, NYS Senate  
Robert L. Megna, Director, Division of the Budget  
Andrew A. SanFilippo, Executive Deputy Comptroller  
Tenneh Blamah, Chief Examiner, Newburgh Office