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November 8, 2021

Mr. Peter Van Scoyoc, Supervisor
Members of the Town Board
Town of East Hampton
Town Hall
159 Pantigo Road
East Hampton, NY, 11937

Report Number: B21-7-11

Dear Supervisor Scoyoc and Members of the Town Board:

Chapter 126 of the Laws of 2010 authorizes the Town of East Hampton (Town) to issue debt not to exceed \$30 million to liquidate the accumulated deficit in the Town's general fund as of December 31, 2007, December 31, 2008 and December 31, 2009. New York State Local Finance Law Section 10.10 requires municipalities 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 municipality is authorized to issue the obligations, and for each subsequent fiscal year during which the deficit obligations are outstanding, their tentative budget for the next succeeding fiscal year.

The tentative budget must be submitted no later than 30 days before the date scheduled for the Town Board's (Board) 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 tentative budget and make recommendations as deemed appropriate. Recommendations, if any, are made after the examination into the Town's revenue and expenditure estimates.

The Board, no later than five days prior to the adoption of the budget, must review all recommendations made by the State Comptroller and may make adjustments to its tentative budget consistent with those recommendations contained in this report. All recommendations that the Board rejects must be explained in writing to our Office.

Our Office has recently completed a review of the Town's tentative budget for the 2022 fiscal year. The objective of the review was to provide an independent evaluation of the tentative budget. Our review addressed the following question related to the Town's budget for the upcoming fiscal year:

- Are the significant revenue and expenditure projections in the Town’s tentative budget reasonable?

Based on the results of our review, except for the matter described below, we found that the significant revenue and expenditure projections in the tentative budget are reasonable.

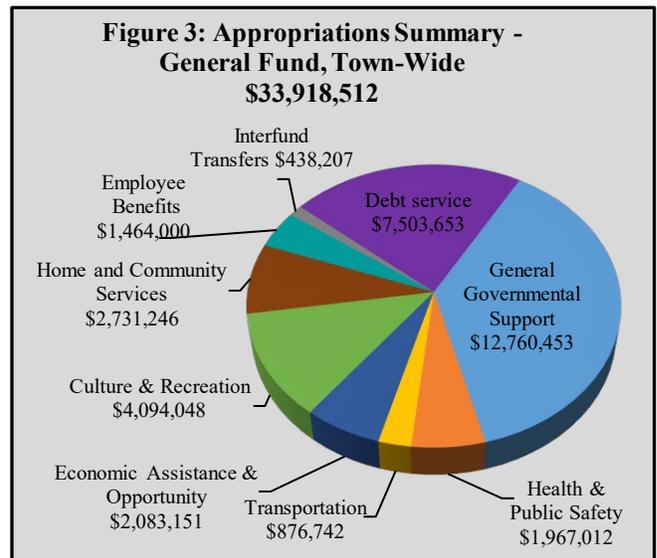
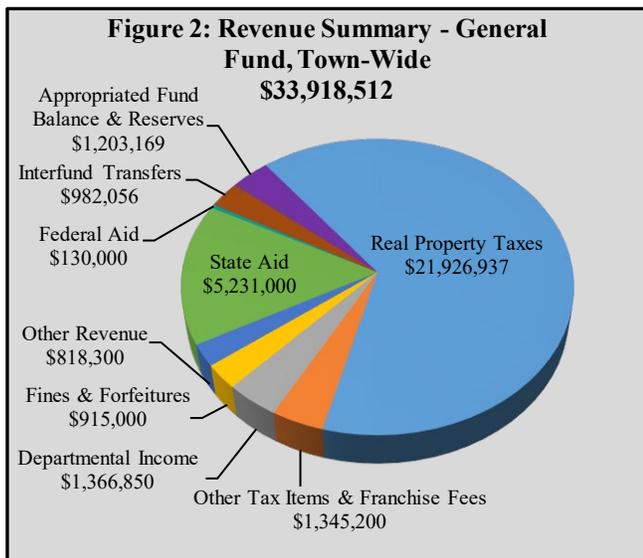
To accomplish our objective in this review, we requested your tentative budget, salary schedules, debt payment schedules and other pertinent information. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases 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 estimates were realistic and reasonable. We also evaluated the amount of fund balance appropriated in the tentative 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 tentative budget package submitted for review for the 2022 fiscal year (summarized in Figures 1, 2 and 3) consisted of the following:

- Cover Letter
- 2022 Tentative Budget
- Supplementary Information

Figure 1: 2022 Tentative Budget				
Fund	Appropriations	Financing Sources		
		Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General, Whole Town	\$33,918,512	\$10,788,406	\$1,203,169	\$21,926,937
General, Part Town	31,056,376	4,289,817	763,598	26,002,961
Highway	7,399,666	853,500	411,679	6,134,487
Solid Waste/Recycling	6,997,121	2,764,200	285,090	3,947,831
Airport	5,953,854	5,878,594	75,260	0
Total	\$85,325,529	\$24,574,517	\$2,738,796	\$58,012,216



Contingency Appropriations

While the Town has not used contingency funds in the last two fiscal years, contingency appropriations provide the Town with a cushion against unforeseen events. Town Law authorizes the Town to include an appropriation for contingencies in an amount not to exceed 10 percent of the total budget, exclusive of certain budgeted expenditures. Since the Town can appropriate a total of as much as \$7,219,371 for contingency purposes in the funds examined and a total of \$249,556 (Figure 4) was appropriated, we recommend that the Town carefully consider how much it sets aside in this account.

Tax Cap Compliance

General Municipal Law Section 3-c establishes a tax levy limit on local governments. The law generally 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 limit.

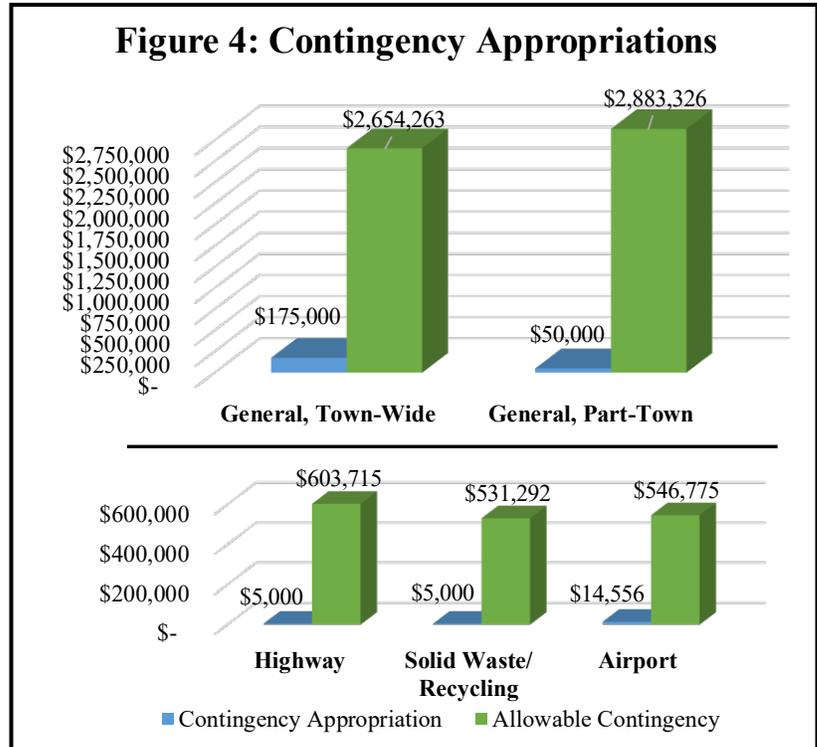
The Town’s 2022 tentative budget complies with the tax cap levy limit. The 2022 tentative budget includes a proposed tax levy¹ of \$62,265,120, which increases the 2022 tax levy within the limits established by law. In adopting the 2022 budget, the Board should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by the law, unless it properly overrides 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 Town. If you have any questions on the scope of our work, please feel free to contact Ira McCracken, Chief Examiner of the Hauppauge Regional Office, at (631) 952-6534.

Sincerely,

Elliott Auerbach
Deputy Comptroller



¹ When calculating the tax levy limit, the Town must include the tax levy for the town-wide general fund, part-town general fund, highway, and all special districts.

cc: Rebecca Hansen, Budget Officer
Carole Brennan, Town Clerk
Robert Mujica, Jr., Director, Division of the Budget
Hon. Liz Krueger, Chair, NYS Senate Finance Committee
Hon. Helene E. Weinstein, Chair, NYS Assembly Ways and Means Committee
Hon. Carl E. Heastie, Speaker of the House, NYS Assembly
Hon. Andrea Stewart-Cousins, President Pro Tempore and Majority Leader, NYS Senate
Hon. Fred W. Thiele, Jr., NYS Assembly
Hon. Anthony H. Palumbo, NYS Senate
Ira McCracken, Regional Chief Examiner