



THOMAS P. DiNAPOLI
COMPTROLLER

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

ELLIOTT AUERBACH
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

May 5, 2023

Ronald Walsh, City Manager (Acting)
Members of the City Council
City of Long Beach
City Hall
1 West Chester Street
Long Beach, NY 11561

Report Number: B23-7-3

Dear Mr. Walsh and Members of the City Council:

Chapter 3 of the Laws of 2014 authorizes the City of Long Beach (City) to issue debt not to exceed \$12 million to liquidate the accumulated deficit in the City's general fund and certain other funds as of June 30, 2012. 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 deficit obligations, and for each subsequent fiscal year during which the deficit obligations are outstanding, their proposed budget for the next fiscal year.

The proposed budget must be submitted no later than 30 days before the date scheduled for the governing board's vote on the adoption of the final budget 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 estimates of revenues and expenditures.

Our Office has recently completed a review of the City's proposed budget for the 2023-24 fiscal year. The objective of the review was to provide an independent evaluation of the proposed budget. Our review addressed the following questions related to the City's budget for the upcoming fiscal year:

- Are the significant revenue and expenditure projections in the City's proposed budget reasonable?
- Did the City take appropriate action to implement or resolve recommendations contained in the budget review report issued in May 2022?

Based on the results of our review, we found that the significant revenue and expenditure projections in the proposed budget are reasonable. However, City officials only partially implemented the recommendations in our prior budget review letter.

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 estimates were realistic and reasonable. In addition, we inquired and checked whether written recommendations from the prior year’s budget review were implemented or resolved and, therefore, incorporated as part of the current year’s budget.

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.

Proposed Budget Submission and Contents

The 2023-24 fiscal year proposed budget package we reviewed (summarized in Figures 1, 2 and 3) consisted of the following:

- 2023-24 City Manager’s Budget Message
- 2023-24 Proposed Budget
- Supplementary Information

Figure 1: 2023-24 Proposed Budget				
Fund	Appropriations and Provisions for Other Uses	Financing Sources		
		Estimated Revenue	Appropriated Fund Balance	Real Property Taxes
General	\$102,992,626	\$42,167,209	\$0	\$60,825,417 ^a
Water	\$6,437,728	\$5,410,965	\$1,026,763	\$0
Sewer	\$7,122,688	\$6,809,266	\$313,422	\$0

a) Includes real property taxes, LIPA PILOTs and assessments.

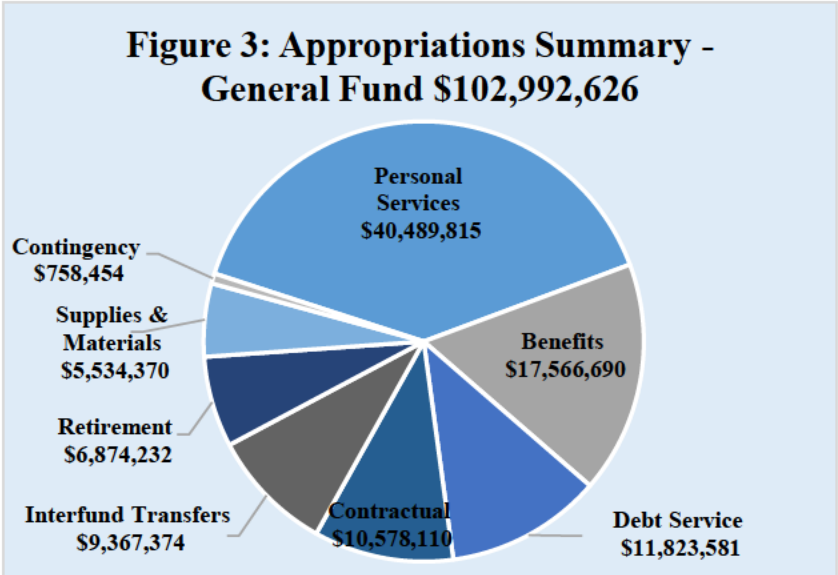
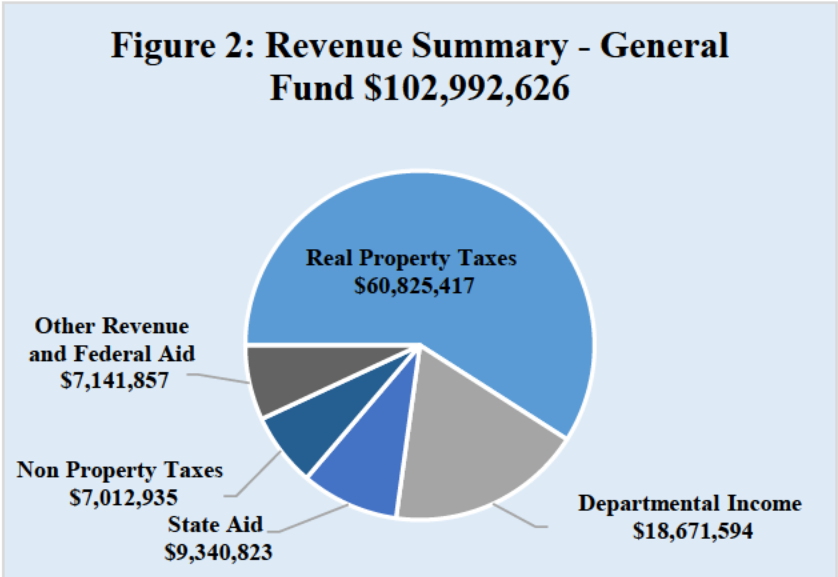
Prior Budget Review Recommendations

During this budget review, we assessed the extent to which City officials acted to implement the recommendations contained in our May 2022 budget review letter.¹ City officials partially implemented our recommendations.

¹ <https://www.osc.state.ny.us/files/local-government/audits/2022/pdf/city-of-long-beach-budget-review-B22-7-4.pdf>

Overtime – In May 2022, we recommended City officials put procedures in place to reduce actual overtime costs or budget an amount sufficient to cover costs at their current level. As of March 15, 2023, with more than three months of the year remaining, the City had already expended more than \$3.6 million of the \$4.1 million budgeted for overtime. The City is projected to spend approximately \$5 million by the end of the 2022-23 fiscal year, which is \$900,000 greater than what the City budgeted. The City’s proposed 2023-24 budget contains an increase of \$602,000 for overtime costs, which appears to be sufficient for this year, although City officials should still consider procedures to reduce overtime costs and monitor the adequacy of this appropriation throughout the fiscal year.

Cash Flow Projections – City officials did not include cash flow projections with last year’s 2022-23 proposed budget. Cash flow projections provide officials with another gauge of the proposed budget’s reasonableness. Although such projections are not a required part of the annual budget, we believe the City should include them to compare the timing of receipts with disbursements to ensure cash will be available when needed and any shortfalls can be planned for. City officials provided cash flow projections for the proposed 2023-24 budget on April 28, 2023.



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 with 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 City's proposed budget includes a tax levy of \$59.9 million, which is \$5.5 million above the legal limit. The City Council has adopted a local law authorizing an override of the tax levy limit.

We hope that this information is useful as you adopt the upcoming budget for the City. If you have any questions on the scope of our work, please feel free to contact Ira McCracken, Chief of Municipal Audits of our Hauppauge office, at (631) 952-6534.

Sincerely,

~~Elliott~~ Auerbach
Deputy Comptroller

cc: Inna Reznik, City Comptroller
John Bendo, City Council President
Elizabeth M. Treston, City Council Vice President
Karen McInnis, City Council
Roy Lester, City Council
Tina Posterli, City Council
David W. Fraser, City Clerk
Hon. Elizabeth Krueger, Chair, Senate Finance Committee
Hon. Helene E. Weinstein, Chair, Assembly Ways and Means Committee
Hon. Ari Brown, NYS Assembly
Hon. Patricia Canzoneri-Fitzpatrick, NYS Senate
Hon. Andrea Stewart-Cousins, NYS Senate Majority Leader
Hon. Carl E. Heastie, NYS Assembly Speaker
Robert Megna, Director, Division of the Budget
Ira McCracken, Chief of Municipal Audits, Hauppauge Regional Office