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November 8, 2019

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

Report Number B19-7-10

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 District's general fund as of December 31, 2007, December 31, 2008 and December 31, 2009. Local Finance Law Section 10.10 requires all 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 obligations, and for each subsequent fiscal year during which the deficit obligations are outstanding, their tentative budget for the next 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 tentative budget and make recommendations on the tentative budget as deemed appropriate. Recommendations, if any, are made after the examination into the Town's estimates of revenues and expenditures.

Our Office has recently completed a review of the Town's budget for the 2020 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?

To accomplish our objectives 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 estimate was 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 whether 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 2020 fiscal year consisted of the following:

- Cover Letter
- 2020 Tentative Budget
- Supplementary Information

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

<b>Fund</b>	<b>Appropriations</b>	<b>Estimated Revenues</b>	<b>Appropriated Fund Balance</b>	<b>Real Property Taxes</b>
General, Town-wide	\$32,879,063	\$10,970,198	\$990,387	\$20,918,478
General, Part-Town	\$29,088,160	\$4,346,848	\$768,485	\$23,972,827
Highway	\$7,170,813	\$841,500	\$250,570	\$6,078,743
Solid Waste/Recycling	\$6,519,924	\$2,753,000	\$146,378	\$3,620,546
Scavenger Water/Water	\$54,629	\$36,646	\$17,983	\$0
Airport	\$6,154,911	\$6,147,185	\$7,726	\$0

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

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

### **Tax Cap Compliance**

General Municipal Law Section 3-c establishes a tax levy limit on local governments, which was effective beginning with the 2012 fiscal year. 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 first adopts a local law to override the tax levy limit.

The Town's 2020 tentative budget includes a proposed tax levy<sup>1</sup> of \$58,426,602. 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 obtains the proper approval to override the tax levy limit.

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<sup>1</sup> 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.

We hope 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

Cc: Len Bernard, Budget Officer  
Carole Brennan, Town Clerk  
Robert F. Mujica Jr., Director, Division of the Budget  
Hon. Liz Krueger, Chair, NYS Senate Finance Committee  
Hon. Helene Weinstein, Chair, NYS Assembly Ways and Means Committee  
Hon. Fred W. Thiele, Jr., NYS Assembly  
Hon. Kenneth P. LaValle, NYS Senate  
Ira McCracken, Regional Chief Examiner