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October 15, 2013

Mr. Geoffrey Finn, Supervisor
Members of the Town Board
74 East Main Street
Stony Point, NY 10980

Report Number: B6-13-15

Dear Supervisor Finn and Members of the Town Board:

Chapter 608 of the Laws of 2004 authorizes the Town of Stony Point (Town) to issue debt totaling \$1,150,000 to liquidate the accumulated deficit in the Town's general, highway, and enterprise funds as of December 31, 2003. 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 tentative 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 tentative budget and make recommendations for any changes that are needed to bring the tentative budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the Town.

The Office of the State Comptroller (Office) has recently completed a review of the Town's budget for the 2014 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 2014 fiscal year:

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

To accomplish our objective, we requested the Town's 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 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 on October 3, 2013 for review for the fiscal year ended 2014 consisted of the following:

- Cover Letter
- 2014 Tentative Budget
- Supplementary Information

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

Fund	Appropriations and Provisions for Other Uses	Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General	\$16,044,467	\$4,361,898	\$0	\$11,682,569
Highway	\$2,295,139	\$110,750	\$450,000	\$1,734,389
Sewer	\$1,347,841	\$14,700	\$60,000	\$1,273,141
Enterprise	\$3,354,622	\$3,354,622	\$0	\$0

Based on the results of our review, except as noted below, we found that the significant revenue and expenditure projections in the tentative budget are reasonable. However, we are concerned that the 2014 budget includes estimated revenues of \$1.5¹ million in the general fund from the sale of Town property. Revenue from the sale of property is non-recurring (one-shot) revenue that will be received in one year, but will not necessarily recur in the following year. This type of revenue should not be used to fund recurring operating expenditures, but rather to reduce debt or to fund non-recurring expenditures, such as the purchase of equipment or construction of capital assets.

Tax Cap Compliance

The State Legislature enacted Chapter 97 of the Laws of 2011(Law) 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, with certain exclusions permitted by law, unless the governing board adopts a local law to override the tax levy limitation.

¹ Of this amount, \$500,000 is budgeted to be used to reduce debt.

The Town's tentative budget complies with the tax levy limit. The 2014 tentative budget includes a tax levy of \$15,567,406, which increases the 2014 tax levy within the limits established by Law. In adopting the 2014 budget, the Town 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 tax levy limitation.

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 Town. 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,

Andrew A. SanFilippo
Executive Deputy Comptroller
Office of State and Local Government
Accountability

cc: Jennifer Sciscente, Director of Finance
Joan Skinner, Town Clerk
Hon. John A DeFrancisco, Chair, Senate Finance Committee
Hon. Herman D Farrell, Jr., Chair, Assembly Ways and Means Committee
Hon. James Skoufis, NYS Assembly
Hon. William J. Larkin Jr., NYS Senate
Robert L. Megna, Director, Division of the Budget
Tenneh Blamah, Chief Examiner, Newburgh Regional Office