



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

June 2021

Ms. Yvette Aguiar, Supervisor
Members of the Town Board
Town of Riverhead
200 Howell Avenue
Riverhead, NY 11901

Report Number: S9-21-13

Dear Supervisor Aguiar and Members of the Town Board:

The COVID-19 pandemic (pandemic) has had various levels of impact on the financial operations of local governments across New York State. Some local governments have seen little to no impact on their financial operations, while others have seen more significant impacts due to reductions and/or increases to their revenues and/or expenditures. This has led to some local governments having to reduce or eliminate some services and temporarily or permanently reduce staff positions. In addition, some local officials have decided to delay capital projects, which could result in future delays to other projects to maintain and improve local government infrastructures.

The pandemic has also created a difficult environment for officials to develop annual budgets given the unknowns of future financial impacts. The pandemic increases the need for local officials to more closely monitor their budgeted estimates for revenues and expenditures against actual results and modify their budgetary estimates accordingly, when warranted, during the course of their fiscal year.

To assess whether local officials adequately considered the impact of the pandemic on their financial operations while developing their 2021 fiscal year budgets, our office conducted reviews of 20 adopted budgets of various counties, cities, towns and villages across the State. The Town of Riverhead (Town) is one of the local governments included in our review.

The objective of the review was to provide an independent evaluation of certain aspects of the adopted budget. Our review addressed the following question related to the Town's adopted budget for the 2021 fiscal year:

- Did officials adequately assess the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget?

Summary of Findings

Our review found that officials adequately assessed the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget.

However, in consideration of the continually new and evolving impacts caused by the pandemic, Town officials should carefully monitor their budgeted to actual revenues and expenditures and make amendments to the budget as needed throughout the year.

Methodology

To accomplish our objective in this review, we requested your adopted budget and other pertinent information. We interviewed officials and reviewed the adopted budget to gain an understanding of the budget development process and to determine whether any estimates in the adopted budget were adjusted by officials due to the potential impact the pandemic could have on financial operations. We identified and examined for reasonableness significant estimated revenues and expenditures¹ and estimated revenues and expenditures below our established threshold that could more likely be impacted by the pandemic. We also identified any significant new revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to assess whether the estimates were realistic and reasonable. In addition, we evaluated the amount of fund balance and/or reserves appropriated in the adopted budget to be used as a financing source and determined whether these amounts were 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.

Background

The Town is located in Suffolk County. An elected five-member Town Board (Board), composed of the Town Supervisor (Supervisor) and four Board members, is responsible for the general oversight of the Town's operations and finances. The Supervisor appointed a budget officer, who assists the Supervisor and Financial Administrator in preparing the budget. The Supervisor and Financial Administrator receive estimates from department heads to use in the preparation of the tentative budget. The Supervisor presents the tentative budget to the Board. The Board makes any necessary revisions to the tentative budget and the preliminary budget is prepared. The Town holds a public hearing on the preliminary budget and then makes any necessary final revisions prior to adopting the budget.

¹ For this review, we established significant estimated revenues and expenditures to be those consisting of 5 percent or more of a fund's total budget estimates.

The Town’s operating funds include a general fund, highway fund, debt service fund, docking facility fund, community development fund, workers compensation fund, risk retention fund, Calverton Park Community Development Agency fund and nine special districts . The special districts consist of three sewer and waste districts, a water district, a street lighting district, an ambulance district, a refuse and garbage district, a public parking district and a business improvement district. The Town provides various services to its residents, including maintaining and improving Town roads, snow removal, public improvements, planning and zoning, recreation and cultural activities, water, sewer and general governmental support. The Town’s operations are predominately financed by real property taxes, sales tax, and water and sewer charges.

Following are the 2021 adopted budget figures, broken down by funds, along with the 2020 adopted budget total for all funds for comparative purposes.

Figure 1 : 2021 Adopted Budget				
Fund	Appropriations and Provisions for Other Uses	Financing Sources		
		Estimated Revenues and Other Sources	Appropriated Fund Balance	Real Property Taxes
General	\$51,661,300	\$9,962,900	\$0	\$41,698,400
Highway	6,813,000	56,400	0	6,756,600
Debt Service	9,578,400	9,578,400	0	0
Docking Facility	266,600	266,600	0	0
Community Development	4,699,300	4,050,000	649,300	0
Workers Compensation	950,000	950,000	0	0
Risk Retention	450,000	450,000	0	0
Calverton Park Community Development Agency	33,100	33,100	0	0
Sewer and Waste Districts (3)	8,888,400	6,031,300	2,335,000	522,100
Water District	9,185,300	6,200,400	1,565,000	1,419,900
Street Lighting District	1,209,400	300	0	1,209,100
Ambulance District	1,646,400	81,000	0	1,565,400
Refuse & Garbage District	3,897,300	3,897,300	0	0
Public Parking District	183,300	0	0	183,300
Business Improvement District	127,400	0	0	127,400
Total for 2021	\$99,589,200	\$41,557,700	\$4,549,300	\$53,482,200
Total for 2020	\$100,390,400	\$40,074,800	\$4,858,600	\$55,457,000

Our review found that while developing 2021 budgetary estimates for significant revenues and expenditures, Town officials adequately considered the pandemic’s impact on financial operations. If you have any questions on the scope of our work, please feel free to contact Julie Landcastle, Chief Examiner of the Statewide and Regional Projects Unit, at (607) 721-8306.

Sincerely,

Elliott Auerbach
Deputy Comptroller

cc: William J. Rothaar, Financial Administrator
Diane Wilhelm, Town Clerk
Lisa Richards, Budget Officer
Ira McCracken, Regional Chief Examiner