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January 22, 2026

Mayor Tom DeVinko and Village Board of Trustees
Village of Washingtonville
9 Fairlawn Drive
Washingtonville, NY 10992

Report Number: B26-6-1

Dear Mayor DeVinko and Members of the Board of Trustees:

Chapter 206 of the Laws of 2023, as amended (Chapter 206), authorizes the Village of Washingtonville (Village), subject to the provisions of Local Finance Law (LFL) Section 10.10, to issue debt not to exceed \$4.5 million to liquidate the accumulated (actual) deficits in the Village's general fund, water fund, sewer fund and capital projects fund as of February 28, 2023, including the remaining principal amount of any budget, deficiency and/or revenue anticipation notes outstanding at the time the deficit bonds or notes are issued. Under LFL Section 10.10(d), when a village is authorized by a special or general law to incur debt to liquidate an operating deficit, it must submit to the State Comptroller each year, starting with the fiscal year¹ during which the municipality is authorized to issue deficit obligations, and for each subsequent fiscal year during which the deficit obligations are outstanding, the Village's 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 Village Board of Trustees' (Village 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 tentative budget and make recommendations, as deemed appropriate. Recommendations, if any, are made after the examination of the Village's estimates of revenues and expenditures.

The Village Board, no later than five days prior to the adoption of the budget, must review all recommendations made by the State Comptroller and must make adjustments to its tentative budget consistent with those recommendations contained in this report.

Our Office completed an independent evaluation (review) of the Village's tentative budget for the 2026-27 fiscal year. Our review addressed the following question related to the Village's budget for the upcoming fiscal year:

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

¹ The Village operates on a March 1 through February 28 fiscal year.

Based on the results of our review, we determined that certain significant revenue and expenditure projections in the tentative budget appear unreasonable. In addition, we determined that of the seven recommendations from our January 2025 budget review letter,² only one was fully implemented.

While Village officials made improvements with their financial records, we still encountered accounting and financial records that were not complete, accurate or current. This precluded us from performing a complete review to determine the reasonableness of the Village's significant revenue and expenditures projections. However, with the limited records available, our review disclosed the following matters which should be reviewed by Village officials for appropriate action. Chapter 206 requires the Village Board to adjust the tentative budget consistent with our recommendations. We believe that such adjustments will help improve the Village's financial condition.

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 scope of our review was significantly limited by the lack of complete, accurate and current accounting records maintained by the Village. Specifically:

- Village officials have not maintained up-to-date budget-to-actual reports to aid in the monitoring of its fiscal performance. Additionally, the Board does not receive regular financial reports.
- The most recent submission of the Village's Annual Financial Report (AFR), which is required to be submitted to the State Comptroller within 90 days after fiscal year end,³ was submitted for the 2023-24 fiscal year in January 2025 (246 days late). The AFR for fiscal year 2024-25, due June 28, 2025, remains delinquent.
- The Village's most recent external audit of financial statements was completed by an independent accountant for the 2023-24 fiscal year in June 2025. The 2024-25 external audit remains delinquent.

Further, Village officials have not complied with some of the requirements of Chapter 206. Specifically, Village officials have not:

- Provided quarterly trial balance reports due to our Office, the Director of the Division of the Budget, and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee within 30 days after the end of each quarterly period; the three required reports were not provided for the 2025-26 fiscal year as of January 16, 2026.
- Provided quarterly budget reports, which are due to our office, the Director of the Division of the Budget, and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee within 30 days after the end of each quarterly period; the three required reports were not provided for the 2025-26 fiscal year as of January 16, 2026.
- Prepared a three-year financial plan for the last two fiscal years and the 2026-27 fiscal year.

² <https://www.osc.ny.gov/files/local-government/audits/2025/pdf/washingtonville-village-b25-6-1.pdf>

³ A 30-day extension is possible upon a written request received by the State Comptroller by the municipal chief executive officer before the end of the original filing period.

To accomplish our objective in this review, we requested your tentative budget, salary schedules, debt payment schedules and other pertinent information. We also held conversations with the Mayor and the Village Treasurer. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases or decreases. We attempted to analyze, verify and/or corroborate trend data and estimates, where appropriate; however, due to the lack of available accounting records in some instances, we were unable to complete all these procedures. 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 reviewed 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 tentative budget package submitted for review for the 2026-27 fiscal year consisted of the following:

- 2026-27 Tentative Budget
- Supplementary Information

The tentative budget submitted to our Office is summarized in Figure 1:

Figure 1: Fiscal Year 2026-27 Village Tentative Budget

Fund	Appropriations and Provisions for Other Uses	Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General	\$7,849,531	\$2,240,240	\$0	\$5,609,291
Sewer	2,096,671	2,096,671	0	0
Water	1,163,500	1,163,500	0	0
Total	\$11,109,702	\$5,500,411	\$0	\$5,609,291

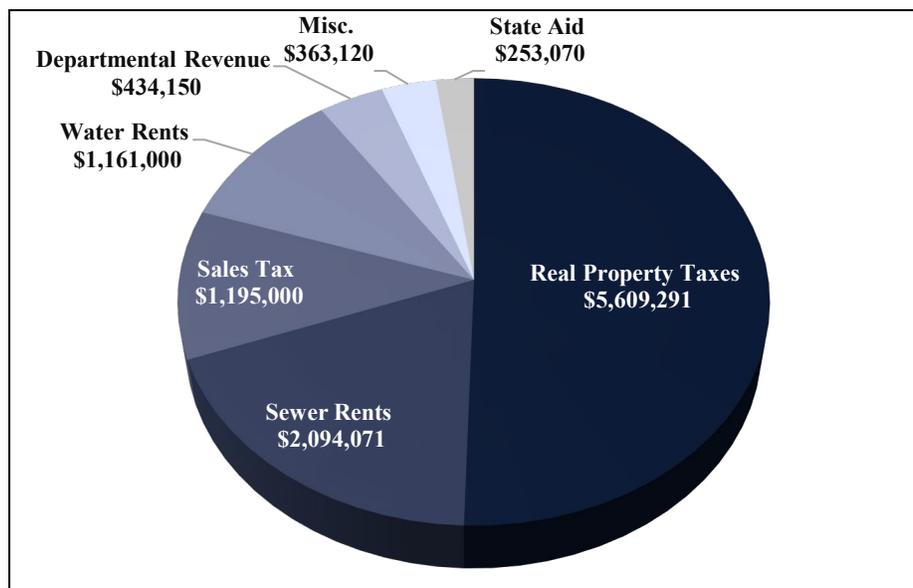
Estimated Revenues

The tentative budget submitted to our Office for the Village’s revenues is summarized in Figure 2. Village officials should address the recommendations for the following estimated revenues:

Sewer Charges – Facility Fees – Deficit Bonds –

The 2026-27 tentative budget includes sewer charges – facility fees – deficit bonds revenue of \$179,071, which is a new revenue in the 2026-27 budget to cover the portion of the deficit bonds related to the sewer fund.

Figure 2: Estimated Revenues Summary - \$11,109,702



We were unable to project the amount the Village will receive in the 2026-27 fiscal year as Village officials did not provide documentation to demonstrate that Board action has been taken to implement the charge. If the required Board action is not taken when the budget is adopted, the Village could potentially face a shortfall of approximately \$179,071 if revenues are not realized. Village officials should reassess whether this revenue is achievable and, if not, adjust the sewer charges – facility fees – deficit bonds revenue estimate.

Water Rents – The 2026-27 tentative budget includes water rents revenue of \$986,000. We project the Village to receive revenue totaling \$892,600 for the 2026-27 fiscal year based on 2024-25 and 2025-26 actuals. Therefore, the Village could potentially face a shortfall of approximately \$93,400 if revenues are not realized. Village officials should reassess whether this revenue is achievable and, if not, adjust the water rents revenue estimate.

State Aid – Mortgage Tax – The 2026-27 tentative budget includes mortgage tax revenue of \$160,000. We project the Village to receive revenue totaling \$94,700 for the 2026-27 fiscal year based on 2024-25 and 2025-26 actuals. Therefore, the Village could potentially face a shortfall of approximately \$65,300 if revenues are not realized. Village officials should reassess whether this revenue is achievable and, if not, adjust the mortgage tax revenue estimate.

Appropriations

The tentative budget submitted to our Office for the Village’s appropriations is summarized in Figure 3. Village officials should address the recommendations for the following appropriations:

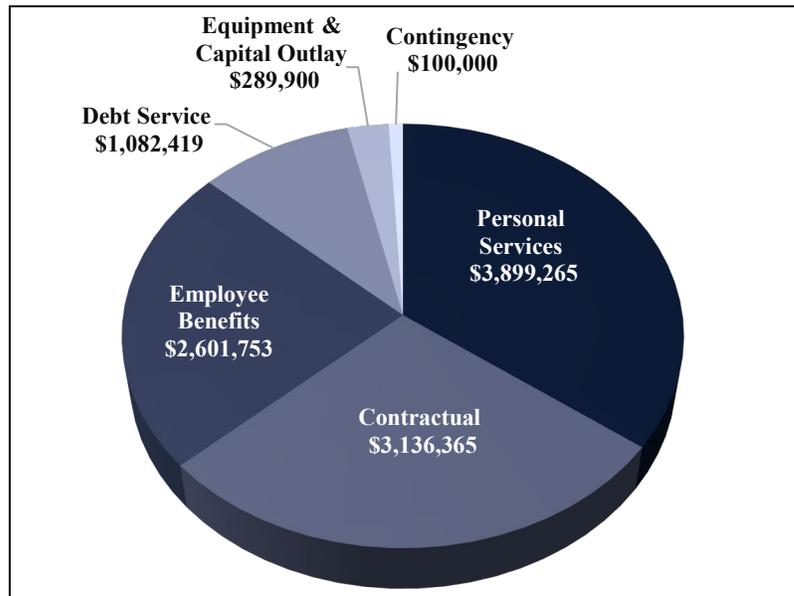
Personal Services – The 2026-27 tentative budget includes personal services of \$3.9 million for the general, water and sewer funds.

We were unable to determine whether officials reasonably estimated personal services costs because they were unable to provide salary schedules that detailed all personal service components, such as longevity payments and step

increases for the police department, or the detailed calculations they used to estimate their personal services appropriations. Because personal services represent 35 percent of the Village’s appropriations budget, the Village’s 2026-27 operating results could be significantly impacted if this estimate is not reasonable.

Police Overtime – The 2026-27 tentative budget includes police overtime appropriations totaling \$215,000. In the 2024-25 fiscal year, Village officials expended \$269,000 on police overtime, which exceeded appropriations by approximately \$69,000. Because we were unable to determine whether 2024-25 expenditures were up to date as of November 30, 2024, we could not use the prior year’s spending pattern to determine whether the 2026-27 budgeted amount was reasonable.

Figure 3: Appropriations Summary - \$11,109,702



According to the records available, Village officials expended approximately \$162,300 on police overtime in 2025-26 (as of November 30, 2025). Therefore, we compared the 2026-27 budgeted amount to the total amount expended in 2024-25 with the contractually negotiated salary increase added and estimated that police overtime could increase to approximately \$288,100 in 2026-27 if Village officials do not implement procedures to control overtime spending. As a result, the appropriation for police overtime could be underestimated by approximately \$73,100.

Sewer Operations – Contractual – The 2026-27 tentative budget includes an appropriation for sewer operations contractual expenditures of \$306,800. Due to the significant variance in spending from 2024-25 to 2025-26 and about the lack of complete, accurate, and reliable records, we were unable to determine whether the 2026-27 appropriation of \$306,800 is reasonable.

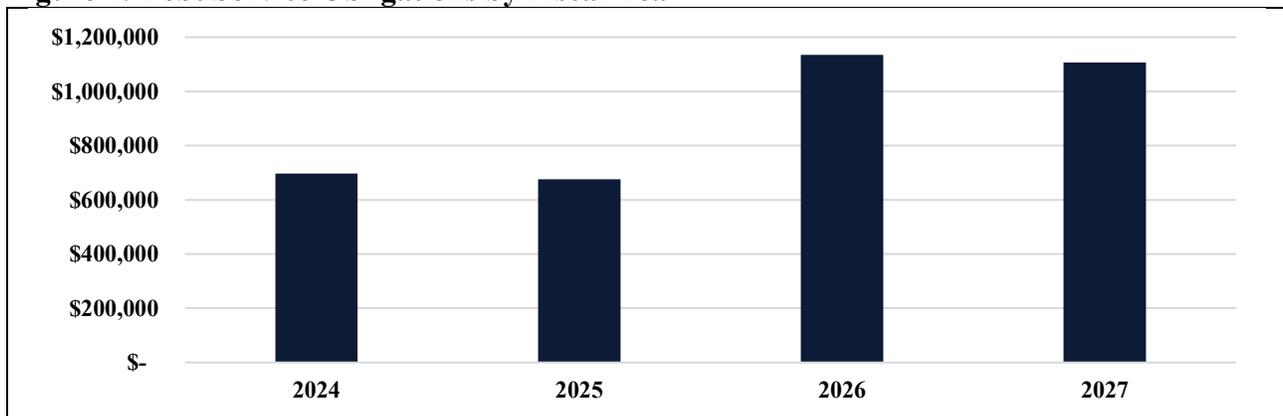
Employee Retirement – The 2026-27 tentative budget includes an appropriation of approximately \$139,600 for payments due to the New York State Local Retirement System (NYSLRS). However, the minimum payment permitted⁴ for 2026-27 is \$179,500 (if paid by December 15, 2026). According to Village officials, they inadvertently entered the incorrect budget amount for retirement appropriations for the sewer fund. Therefore, Village officials underestimated employee retirement costs by approximately \$40,000.

Contingency – Contingency accounts are used by local governments as a means of providing funding for unexpected events. The amount needed for contingency depends on the amount of uncertainty with budgeted amounts and economic conditions. The Village’s 2026-27 tentative budget includes an \$80,000 general fund contingency; this amount is 1 percent of the Village’s general fund budgeted appropriations and an increase of \$5,000 from the 2025-26 adopted budget. Additionally, there is a \$20,000 contingency budgeted in the water fund and no contingency for the sewer fund. Given the potential cost overruns from current economic conditions and the lack of complete, accurate, and current accounting and financial records, the Village Board needs to consider whether the contingency appropriations are adequate and appropriate for unanticipated events and uncertainties.

Debt

The Village’s outstanding debt has grown 8.4 percent over the last three years. Since 2024, the Village’s annual debt service obligations have risen by \$409,645 (58.8 percent) (Figure 4).

Figure 4: Debt Service Obligations by Fiscal Year



⁴ NYSLRS allows municipalities to amortize certain pension costs as part of a stabilization program, which spreads payments over several years.

The Village will need \$1.1 million to service its debt obligations during 2026-27. This amount represents about 10 percent of the Village's annual budget.

Additionally, the tentative budget provided to us planned for all debt service payments of the deficit bond to be made from the general fund. However, after review and discussions with Village officials, it was determined that most of the debt service payments were the responsibility of the sewer fund. Subsequently, Village officials moved the principal and interest payments and included them in the sewer fund budget presented to the public.

Tax Cap Compliance

General Municipal Law Section 3-c establishes a tax levy limit on local governments. The law generally precludes local governments and school districts 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 Board adopts a local law to override the tax levy limit.

The Village's tentative budget includes a tax levy of \$5,609,291. In adopting the 2026-27 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 law, unless it properly overrides the tax levy limit. At the time of this review, we reviewed all tax cap documentation, and it appears the Village may be over the tax cap by as much as \$60,300; however, Village officials provided a proposed local law to override the limit.

Recommendations

The Village Board should:

1. Adopt a budget that includes a tax levy no greater than the tax levy limit (tax cap) unless a local law is adopted to override the limit.
2. Receive and regularly review financial reports.
3. Review the proposed estimates for revenues and expenditures and amend as necessary.

The Mayor should:

4. Ensure quarterly trial balance reports are prepared and submitted in a timely manner in accordance with Chapter 206.
5. Ensure quarterly budget reports are prepared and submitted in a timely manner in accordance with Chapter 206.
6. Prepare a three-year financial plan in accordance with Chapter 206.

Due to the lack of complete, accurate and current accounting and financial records, Village officials should closely monitor revenues and expenditures and make adjustments to the budget as needed throughout the year. To assist the Village Board with this, the Village Treasurer should provide the Village Board with monthly budget-to-actual reports of Village revenue and expenditure accounts for review to ensure that funds are available and appropriate action, such as amending the adopted budget, if necessary, can be taken to avoid additional financial problems.

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 Village. If you have any questions on the scope of our work, please feel free to contact James L. Latainer, Chief of Municipal Audits of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller

cc: Leslie Tillotson, Village Treasurer
Christine Shenkman, Village Clerk
Hon. Carl E. Heastie, Speaker of the House, NYS Assembly
Hon. Crystal D. Peoples-Stokes, Majority Leader, NYS Assembly
Hon. William A. Barclay, Minority Leader, NYS Assembly
Hon. J. Gary Pretlow, Chair, NYS Assembly Ways and Means Committee
Hon. Brian Maher, NYS Assembly
Hon. Andrea Stewart-Cousins, President Pro Tempore and Majority Leader, NYS Senate
Hon. Robert Ort, Minority Leader, NYS Senate
Hon. Liz Krueger, Chair, NYS Senate Finance Committee
Hon. James Skoufis, NYS Senate
Blake G. Washington, Director, NYS Division of the Budget
James L. Latainer, Chief of Municipal Audits, Newburgh Regional Office