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April 6, 2018

David Gill, Superintendent  
Members of the Board of Education  
Chenango Valley Central School District  
221 Chenango Bridge Road  
Binghamton, NY 13901

Report Number: B18-4-3

Dear Superintendent Gill and Members of the Board of Education:

Chapter 260 of the Laws of 2008 authorizes the Chenango Valley School District (District) to issue debt totaling \$3.5 million to liquidate the accumulated deficit in the District's general fund and food service fund as of June 30, 2008. New York State Local Finance Law Section 10.10 requires municipalities and school districts 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 or school district is authorized to issue obligations and for each subsequent fiscal year during which the deficit obligations are outstanding, their proposed budget for the next succeeding fiscal year.

The budget must be submitted no later than 30 days before the date scheduled for the 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 proposed budget and make recommendations on the proposed budget 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 District's budget for the 2018-19 fiscal year. The objective of the review was to provide an independent evaluation of the proposed budget. Our review addressed the following question related to the District's budget for the 2018-19 fiscal year:

- Are the significant revenue and expenditure projections in the District's proposed budget reasonable?

To accomplish our objective 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 estimate was realistic and reasonable. We also evaluated the amount of fund balance appropriated in the proposed 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 proposed budget package submitted for review for the fiscal year ended June 30, 2019 consisted of the following:

- 2018-19 Proposed General and Food Service Fund Budget
- Supplementary Information

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

<b>Fund</b>	<b>Appropriations and Provisions for Other Uses</b>	<b>Estimated Revenues</b>	<b>Appropriated Use of Fund Balance and Reserves</b>	<b>Real Property Taxes</b>
General	\$38,457,793	\$18,602,347	\$559,000	\$19,296,446
Food Service	\$858,419	\$858,419	\$0	\$0

Based on the results of our review, we found that the significant revenue and expenditure projections and appropriations of fund balance in the proposed budget are reasonable.

### **Tax Cap Compliance**

The State Legislature and the Governor enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on local governments and school districts, which was effective beginning in the 2012 fiscal year. The law generally precludes a school district from adopting a budget that requires a tax levy that exceeds the prior year's tax levy by more than 2 percent or the rate of inflation, whichever is less, unless 60 percent of District voters approve a budget that requires a tax levy that exceeds the statutory limit.

The District's proposed budget complies with the tax levy limit because it includes a tax levy of \$19,296,446 which is within the limits established by law. In adopting the 2018-19 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 obtains the proper approval to override the tax levy limit.

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 District. If you have any questions on the scope of our work, please feel free to contact H. Todd Eames, Chief Examiner of the Binghamton Regional Office, at (607) 721-8306.

Sincerely,

Gabriel F. Deyo  
Deputy Comptroller

cc: Elizabeth Donahue, School Business Executive  
Allen D. Buyck, District Superintendent, Broome-Tioga BOCES  
Susan Cirba, Clerk of the Board  
Hon. Catharine Young, Chair, NYS Senate Finance Committee  
Hon. Helene E. Weinstein, Chair, NYS Assembly Ways and Means Committee  
Hon. Clifford W. Crouch, NYS Assembly  
Hon. Fred Akshar, NYS Senate  
Robert F. Mujica, Jr., Director, Division of the Budget  
MaryEllen Elia, Commissioner, State Education Department  
Thalia J. Melendez, Director, Office of Audit Services, State Education Department  
Andrew A. SanFilippo, Executive Deputy Comptroller  
H. Todd Eames, Chief Examiner