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October 29, 2018

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

Report Number: B18-7-9

Dear Mr. 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 2019 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 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 for review for the 2019 fiscal year consisted of the following:

- Cover Letter
- 2019 Tentative Budget
- Supplementary Information

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

Fund	Appropriations	Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General, Whole Town	\$32,612,087	\$11,328,419	\$906,040	\$20,377,628
General, Part Town	\$28,105,642	\$4,310,700	\$885,839	\$22,909,103
Highway	\$7,229,316	\$841,000	\$248,236	\$6,140,080
Solid Waste/Recycling	\$6,383,565	\$2,663,000	\$247,048	\$3,473,517
Scavenger Water/Water	\$64,852	\$0	\$64,852	\$0
Airport	\$6,321,919	\$6,257,302	\$64,617	\$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

The State Legislature enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on local governments, which was effective beginning in 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 adopts a local law to override the tax levy limit.

The Town's 2019 tentative budget complies with the tax cap levy limit. The 2019 tentative budget includes a proposed tax levy¹ of \$56,645,578, which increases the 2019 tax levy within the limits

¹ 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.

established by law. 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.

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,

Gabriel F. Deyo
Deputy Comptroller

cc: Len Bernard, Budget Officer
Carole Brennan, Town Clerk
Robert F. Mujica Jr., Director, Division of the Budget
Hon. Catharine Young, Chair, Senate Finance Committee
Hon. Helene E. Weinstein, Chair, Assembly Ways and Means Committee
Hon. Fred W. Thiele, Jr., NYS Assembly
Hon. Kenneth P. LaValle, NYS Senate
Andrew A. SanFilippo, Executive Deputy Comptroller
Ira McCracken, Regional Chief Examiner