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April 16, 2019

Ed Markunas, Mayor
Members of the Board of Trustees
Village of Suffern
61 Washington Avenue
Suffern, NY 10901

Report Number: B19-6-3

Dear Mayor Markunas and Members of the Board of Trustees:

Chapter 99 of the Laws of 2015 authorizes the Village of Suffern (Village) to issue debt not to exceed \$5 million to liquidate the accumulated deficits in the Village's general, water, sewer and capital projects funds as of May 31, 2015. New York State Local Finance Law Section 10.10 requires 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 the deficit 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 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, as deemed appropriate. Recommendations, if any, are made after the examination into the Village's estimates of revenues and expenditures. Chapter 99 of the Laws of 2015 requires the Village Board to make adjustments to the tentative budget consistent with any recommendations made by the State Comptroller.

Our Office has recently completed a review of the Village's budget for the 2019-20 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 Village's budget for the upcoming fiscal year:

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

To accomplish our objective 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 estimates were realistic and reasonable.

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 2019-20 fiscal year consisted of the following:

- Budget Message
- 2019-20 Tentative Budget
- Supplementary Information

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

Fund	Appropriations and Provisions for Other Uses	Estimated Revenue	Appropriated Fund Balance	Real Property Taxes
General	\$16,228,710	\$3,947,348	\$0	\$12,281,362
Sewer	\$2,538,438	\$2,538,438	\$0	\$0
Water	\$2,210,928	\$2,210,928	\$0	\$0

Based on the results of our review, except for the items discussed below, we found that the significant revenue and expenditure estimates contained in the tentative budget were reasonable. Our review disclosed the following findings which should be reviewed by the Board for appropriate action.

Water and Sewer Revenues

The Village budgeted approximately \$2.2 million in water meter revenue and \$2.5 million in sewer revenue. This includes a rate increase of 8% and 6%, respectively, from the prior year. However, the Village has collected 92% of the water and 90% of sewer rents budgeted in prior years and we project this year will have similar results. Therefore, we estimate the 2019-20 collections will be approximately \$4.3 million, which is \$134,000 less than budgeted for water revenues and \$256,000 less than budgeted for sewer revenues.

Collective Bargaining Agreements

At the time of our review, two of the Village's three collective bargaining agreements (CBAs) had expired, as indicated below. The Village faces potential increases in salary and wages for these two expired contracts and the possibility of retroactive increases when these agreements are settled. We recommend that the Village Board consider the potential financial impact of the settlement of these CBAs when finalizing the 2019-20 budget.

Unit	Contract period	Contract expired
CSEA	June 1, 2014 - May 31, 2017	Yes
Dispatcher	June 1, 2012 - May 31, 2018	Yes
Police	June 1, 2013 - May 31, 2021	No

Tax Cap Compliance

General Municipal Law Section 3-c establishes a tax levy limit on local governments and school districts, which was effective beginning with the 2012-13 fiscal year for villages. 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 \$12,281,362 which is \$1,078,728 above the limit established by law. In adopting the 2019-20 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.

We request that you provide us with a copy of the adopted budget.

We hope 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 Obeng, Principal Examiner of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,

Andrew A. SanFilippo
Executive Deputy Comptroller

cc: Michael Genito, Treasurer
Amy Paffenroth, Village Clerk
Hon. Liz Krueger, Chair, Senate Finance Committee
Hon. Helene E. Weinstein, Chair, Assembly Ways and Means Committee
Hon. Ellen Jaffee, New York State Assembly
Hon. David Carlucci, New York State Senate
Robert Mujica, Director, Division of the Budget
James Obeng, Principal Examiner, Newburgh Regional Office