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April 17, 2020

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

Report Number: B20-6-2

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 2020-21 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 estimate was 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 2020-21 fiscal year consisted of the following:

- Budget Message
- 2020-21 Tentative Budget
- Supplementary Information

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

<b>Fund</b>	<b>Appropriations and Provisions for Other Uses</b>	<b>Estimated Revenue</b>	<b>Appropriated Fund Balance</b>	<b>Real Property Taxes</b>
General	\$16,431,379	\$4,004,766	\$0	\$12,426,613
Water	\$2,158,663	\$2,158,663	\$0	\$0
Sewer	\$2,691,501	\$2,691,501	\$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 did not take into consideration the potential impact COVID-19 may have on the Village’s finances. Due to the potential impact of COVID-19 on Village finances, Village officials should carefully monitor revenues and expenditures and make adjustments to the budget as needed throughout the year. Our review disclosed the following findings which should be reviewed by the Board for appropriate action.

**Water and Sewer Revenues**

The Village budgeted approximately \$2.13 million in metered water revenue and \$2.67 million in sewer rent revenue. This includes a rate decrease of .3 percent and a rate increase of 7.4 percent, respectively, from the prior year. However, the Village has collected 91 percent of the water and 89 percent of sewer rents budgeted in prior years and we project this year will have similar results. Therefore, we estimate the total 2020-21 collections for water and sewer revenue will be approximately \$1.94 million and \$2.38 million, respectively, which is approximately \$190,000 less than budgeted for water revenues and approximately \$290,000 less than budgeted for sewer revenues.

## Tax Cap Compliance

General Municipal Law Section 3-c establishes a tax levy limit on local governments and school districts. 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 \$12,426,613 which is \$471,753 above the limit established by law. In adopting the 2020-21 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 Lisa Reynolds, Chief Examiner of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,



Elliott Auerbach  
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 Budget  
Lisa Reynolds, Chief Examiner, Newburgh Regional Office