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April 14, 2023

Honorable Michael F. Curley, Mayor
Members of the Board of Trustees
Village of Suffern
61 Washington Avenue
Suffern, NY 10901

Report Number: B23-6-2

Dear Mayor Curley 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 tentative budget must be submitted no later than 30 days before the date scheduled for the governing 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 into the Village's estimates of revenues and expenditures. Chapter 99 of the Laws of 2015 requires the Village Board (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 2023-24 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?

Based on the results of our review, except for the items discussed below, we found that the significant revenue and expenditure projections contained in the tentative budget were reasonable. However, estimates for metered water revenues and sewer rent revenues appear overestimated and should be reviewed by the Board.

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 2023-24 fiscal year consisted of the following:

- Budget Message
- 2023-24 Tentative Budget
- Supplementary Information

The tentative budget submitted to our Office is summarized as follows (Figures 1, 2, 3):

Figure 1: 2023-24 Tentative Budget				
Fund	Appropriations and Provisions for Other Uses	Estimated Revenue	Appropriated Fund Balance	Real Property Taxes
General	\$16,112,170	\$4,022,159	\$0	\$12,090,011
Water	\$2,270,836	\$2,270,836	\$0	\$0
Sewer	\$2,942,761	\$2,942,761	\$0	\$0

Our review disclosed the following findings which should be reviewed by the Board for appropriate action.

Water and Sewer Rent Revenues

The Village budgeted approximately \$2.24 million in metered water revenues and \$2.92 million in sewer rent revenues. This includes rate increases of 4.81 percent and 3.19 percent, respectively, from the prior year.

However, in 2021-22 the Village collected \$1.88 million for metered water revenues and \$2.59 million for sewer rent revenues. We project this year's collections will be approximately \$1.99 million for metered water revenues and \$2.39 million for sewer rent revenues.

Therefore, we estimate the total 2023-24 collections for water and sewer rent revenues will be approximately \$2.08 million and \$2.47 million, respectively. The tentative budget estimates for metered water revenues and sewer rent revenues exceed what we project for 2023-24 by approximately \$155,000 and \$448,000, respectively.

The Board should further review the reasonableness of these estimates before adopting the budget.

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

Figure 2: Revenue Summary - All Funds
\$21,325,767

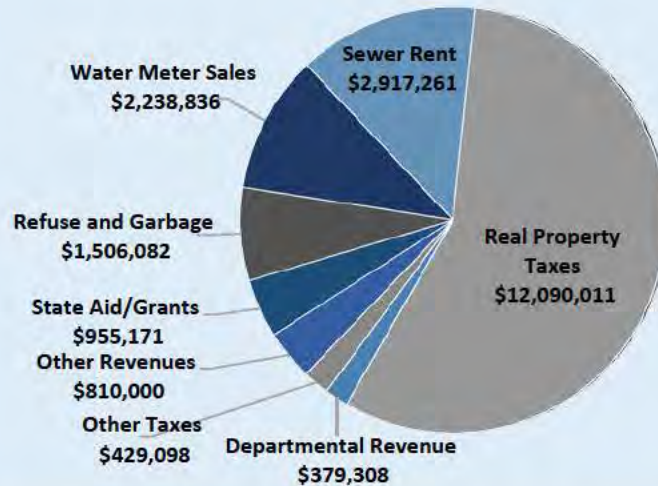
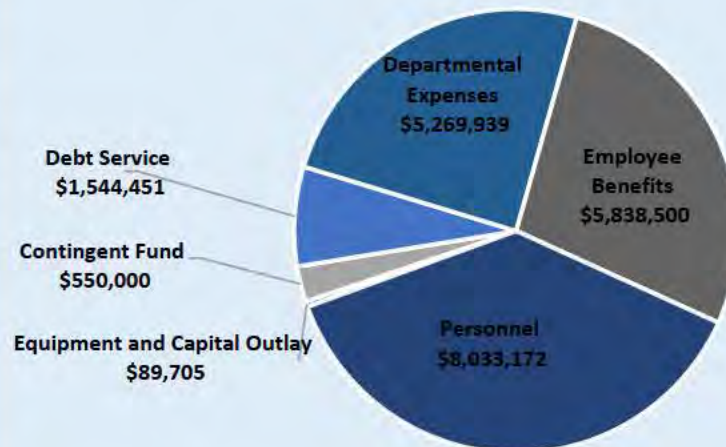


Figure 3: Appropriation Summary - All Funds
\$21,325,767



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 \$12,090,011, which is within the limit established by law. In adopting the 2023-24 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 prior to adopting the budget.

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 Dara Disko-McCagg, Chief of Municipal Audits of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,

Elliott Auerbach
Deputy Comptroller

cc: Michael Genito, Treasurer
Melissa B. Reimer, Village Clerk
Hon. Andrea Stewart-Cousins, NYS Senate Majority Leader
Hon. Carl E. Heastie, NYS Assembly Speaker
Hon. Liz Krueger, Chair, Senate Finance Committee
Hon. Helene E. Weinstein, Chair, Assembly Ways and Means Committee
Hon. Karl Brabenec, New York State Assembly
Hon. Bill Weber, New York State Senate
Robert Megna, Director, Division of Budget
Dara Disko-McCagg, Chief of Municipal Audits, Newburgh Regional Office