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November 9, 2020

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: B20-7-10

Dear Supervisor 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 Town'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 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 Town's estimates of revenues and expenditures.

Our Office has recently completed a review of the Town's tentative budget for the 2021 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 2021 fiscal year consisted of the following:

- Cover Letter
- 2021 Tentative Budget
- Supplementary Information

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

Figure 1: 2021 Tentative Budget				
Fund	Appropriations	Financing Sources		
		Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General, Whole Town	\$32,765,358	\$10,499,710	\$1,636,551	\$20,629,097
General, Part Town	\$29,756,892	\$3,660,755	\$682,492	\$25,413,645
Highway	\$7,283,456	\$826,500	\$338,576	\$6,118,380
Solid Waste/Recycling	\$6,872,662	\$2,760,502	\$260,310	\$3,851,850
Airport	\$6,005,016	\$5,995,300	\$9,716	\$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

General Municipal Law Section 3-c establishes a tax levy limit on local governments. The law generally precludes local governments from adopting a budget with a tax levy that exceeds the prior year tax levy by more than 2 percent or that rate of inflation, whichever is less, unless the governing board adopts a local law to override the tax levy limit.

The Town’s 2021 tentative budget complies with the tax cap levy limit. The 2021 tentative budget includes a proposed tax levy¹ of \$60,177,065, which increases the 2021 tax levy within the limits 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 properly overrides the tax levy limit prior to adopting the budget.

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,

Elliott Auerbach
Deputy Comptroller

Cc: Len Bernard, Budget Officer

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.

Carole Brennan, Town Clerk
Robert F. Mujica Jr., Director, Division of the Budget
Hon. Liz Krueger, Chair, NYS Senate Finance Committee
Hon. Helene Weinstein, Chair, NYS Assembly Ways and Means Committee
Hon. Andrea Stewart-Cousins, Temporary President and NYS Senate Majority Leader
Hon. Carl E. Heastie, Speaker of the House, NYS Assembly
Hon. Fred W. Thiele, Jr., NYS Assembly
Hon. Kenneth P. LaValle, NYS Senate
Ira McCracken, Regional Chief Examiner