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April 2, 2013

Mr. Timothy Ryan, Superintendent
Members of the Board of Education
Fabius-Pompey Central School District
1211 Mills Street
Fabius, NY 13063

Report Number: B3-13-5

Dear Superintendent Ryan and Members of the Board of Education:

Chapter 304 of the Laws of 2005 authorized Fabius-Pompey Central School District (District) to issue debt totaling \$1,500,000 to liquidate the accumulated deficit in the District's general fund as of June 30, 2006. Local Finance Law Section 10.10 requires all 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 obligations and for each subsequent fiscal year during which the deficit obligations are outstanding, their proposed 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 the adoption of the budget or the last date on which the budget may be finally adopted, whichever is sooner. The State Comptroller must examine the proposed budget and make recommendations for any changes that are needed to bring the proposed budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the District.

Our Office has recently completed a review of the District's budget for the 2013-14 fiscal year. The objective of the review was to provide an independent evaluation of the proposed budget. Our review addressed the following question related to the District's budget for the 2013-14 fiscal year:

- Are the significant revenue and expenditure projections in the District's proposed budget reasonable?

To accomplish our objective in this review, we requested your proposed 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 proposed 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 proposed budget package submitted for review for the fiscal year ended 2013-14 consisted of the following:

- 2013-14 Proposed Budget
- Supplementary Information

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

Fund	Appropriations and Provisions for Other Uses	Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General	\$16,761,408	\$7,898,473	\$600,000	\$8,262,935

Based on the results of our review, we found that the significant revenue and expenditure projections in the proposed budget are reasonable.

Tax Cap Compliance

The State Legislature enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on all local governments and school districts, which was effective beginning in the 2012 fiscal year. The law precludes a school district from adopting a budget that requires a tax levy that exceeds the prior year’s tax levy by more than 2 percent or the rate of inflation, whichever is less,¹ and certain exclusions permitted by law, unless 60 percent of district voters approve a budget that requires a tax levy that exceeds the statutory limit. A simple majority, or 50 percent of district voter approval is required if the proposed tax levy does not exceed the statutory limit.

We found the District’s proposed budget currently includes a tax levy that is over the statutory limit by \$58,246. The District’s proposed tax levy for 2013-14 is \$8,262,935 and the District’s tax levy limit for 2013-14 is \$8,204,689.² The Business Administrator told us the District is

¹ Our Office has previously determined that the rate of inflation applicable to school districts with a fiscal year beginning July 1, 2013, is greater than 2 percent. Therefore, the property tax levy is capped at 2 percent.

² The District’s tax levy limit is still subject to change, depending on changes to current year projections or next years’ budget.

expecting to receive additional state aid that is not currently included in the proposed budget and officials plan to adjust the proposed budget as needed prior to adoption to ensure it does not exceed the tax levy limit. In adopting the 2013-14 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 60 percent of District voters approve the District's budget.

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

We hope that this information is useful as you adopt a budget for the District. If you have any questions on the scope of our work, please feel free to contact Rebecca A. Wilcox, Chief Examiner of the Syracuse Regional Office, at (315) 428-4192.

Very truly yours,

Andrew A. SanFilippo
Executive Deputy Comptroller
Office of State and Local Government
Accountability

cc: Peter W. Mahunik Business Administrator
Alma M. Hartnett, District Clerk
J. Francis Manning, BOCES District Superintendent
Hon. Herman D. Farrell, Jr., Ways and Means Committee Chair, NYS Assembly
Hon. Gary D. Finch, NYS Assembly
Hon. Brian M. Kolb, NYS Assembly
Hon. William Magee, NYS Assembly
Hon. Al Stirpe, NYS Assembly
Hon. John A. DeFrancisco, Finance Committee Chair, NYS Senate
Hon. James L. Seward, NYS Senate
Hon. David J. Valesky, NYS Senate
Robert L. Megna, Director Division of the Budget
Dr. John B. King, Jr., Commissioner, State Education Department
James A. Conway, Director, Office of Audit Services, State Education Department
Rebecca A. Wilcox, Regional Chief Examiner