

A Village Board Budget Public Hearing was held on Monday, January 13, 2025 at 7:00 P.M. at Village Hall, 9 Fairlawn Drive, Washingtonville, New York.

PRESENT:

Mayor Thomas DeVinko, Deputy Mayor Donna Jacaruso, Trustee Susan Walski, Trustee Steve Presser and Trustee Vernon Coleman.

ALSO PRESENT:

Village Clerk Christine Shenkman, Village Police Chief Brian Zaccaro, Department of Public Works (D.P.W.) Superintendent Christopher Martino, Village Treasurer Leslie Tillotson and the Village Attorney.

PLEDGE OF ALLEGIANCE TO THE FLAG:

Mayor Thomas DeVinko led the Pledge of Allegiance to the Flag.

OPENING OF 2025 – 2026 – BUDGET PUBLIC HEARING:

Trustee Presser made a motion, seconded by Trustee Coleman and adopted to open the Public Hearing regarding the Village Board Budget Public Hearing; said Resolution passed by a unanimous vote of the Village Board. 5 Ayes, 0 Nays, 0 Absent, 0 Abstentions.

FINANCIAL PRESENTATION – AUDITOR BRENDAN KENNEDY – BST ACCOUNTING FIRM:

Auditor Brendan Kennedy from BST Accounting Firm conducted a financial presentation since his last update in June of 2024. Auditor Kennedy stated “the Village has made great progress but there are still a few items left to be done concerning the 2023 Audit. The 2024 Financial Report is ready to be filed.” Mr. Kennedy continued to explain what the Village of Washingtonville has accomplished with filings, financials, balance sheets and other work.



**Update on Accounting and Reporting Practices
January 13, 2025**

Background

- Brendan K. Kennedy, Certified Public Accountant
- Partner at BST & Co. CPAs, LLP (BST)
- We last presented at the June 17, 2024, board meeting.
- That presentation included an overview of the following:
 - Update on the Village's financial and accounting practices;
 - Presentation of the Village's draft financial condition as of 2/28/2022;
 - Observations on what to expect for 2023 and 2024.
- Today we will update on the Village's progress in rectifying past due financial reports, audits and a current snapshot of our financial picture.

Progress Since Our Last Meeting

- Completion of the 2021 and 2022 Financial Statement Audits.
- The 2023 financial audit is substantially completed and management is working to address the open items.
- The 2024 financial audit commenced today.
- Submission and approval of the 2022 and 2023 Annual Financial Report (AFR) with the New York State Office of the State Comptroller (OSC).
- The 2024 AFR is ready to be prepared.
- The Village has implemented a new accounting system from Edmunds;
- Resolution of the NYS EFC funding matters. Funds have either been received or will be applied against future debt service payments.
- State grant provided to cover our interest payment on the deficit BANs.

Accounting Observations, continued

2023 Accounting Reconstruction

- Reconstruction of the 2023 accounting records required a significant amount of time.
- A total of 33 journal entries were required to convert the original trial balance figures into auditable U.S. GAAP accounting records.
- We are anticipating an unmodified opinion on the February 28, 2023 balance sheet, and a qualified opinion on the income statement.
- Consistent with prior years, balance sheet accounts, including cash were not reconciled; a significant number of cash receipts (revenues) were not recorded, expenditure records, including payroll were incomplete and required follow-up with vendors.

Accounting Observations, continued

- The below tables presents a rollforward of the Village's fund balance by fund from 2022 to 2023:

	Year Ended February 28, 2023				
	General	Capital Projects	Water	Sewer	Recreation
Net change in fund balances	(\$17,848)	1,395,000	311,838	(1,224,252)	(43,838)
FUND BALANCE (DEFICIT), beginning of year	(15,183)	(1,384,617)	105,187	(278,444)	43,838
FUND BALANCES (DEFICIT), end of year	<u>\$ (332,231)</u>	<u>\$ 10,383</u>	<u>\$ 416,225</u>	<u>\$ (1,502,696)</u>	<u>\$ -</u>

- The financial condition of the Village improved by \$120,900 in 2023, primarily due to \$677,000 in FEMA funds received. This one-shot revenue will not be repeated in future periods.
- The Village had unpaid bills of approximately \$1.9 million, the largest portions being employee health insurance and pension contributions payable. A significant portion of these invoices were past due.

Accounting Observations, continued

2024 Accounting Reconstruction

- Our goal is to obtain an unmodified opinion on these financials (aka a "clean" opinion).
- BST reviewed every bank statement, and deposit slip and made corrections to revenues recorded.
- Expenditure transactions were reconciled to bank statements. Nonrecurring transactions were updated in the financial records.
- Preparation of year-end reconciliations to address revenue/expenditure cutoff.

Accounting Observations, continued

- The below tables presents a rollforward of the Village's fund balance by fund from 2023 to 2024:

	Year Ended February 29, 2024				
	General	Capital Projects	Water	Sewer	Recreation
Net change in fund balances	(536,146)	146	153,852	492,974	119,026
FUND BALANCE (DEFICIT), beginning of year	(332,231)	10,383	416,225	(1,502,696)	-
FUND BALANCES (DEFICIT), end of year	<u>\$ (868,377)</u>	<u>\$ 10,529</u>	<u>\$ 570,077</u>	<u>\$ (1,009,722)</u>	<u>\$ 119,026</u>

- The financial condition of the Village improved by \$110,026 in 2024, primarily due to \$559,310 in EFC funds received.
- BANs of \$4.4 million were issued October 2023. Approximately \$2 million of these BAN proceeds have been used to liquidate past due liabilities. The remaining \$2.4 was invested in NYCLASS and earned \$66k in interest income.

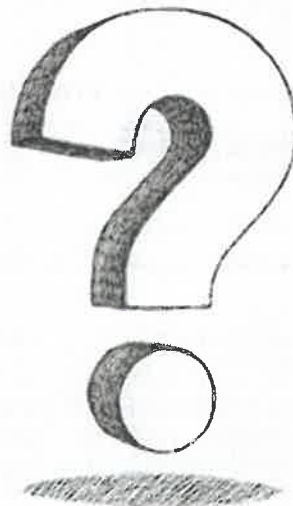
Accounting Observations, continued

- Both fiscal 2023 and 2024 were saved financially due to one-shot nonrecurring revenues; FEMA in 2023 and EFC in 2024.
- A structural budgetary deficit existed in the General Fund and Sewer Fund.
- Deficit BANs/Bonds come with strings.
 - 1) Our deficit must be certified by OSC auditors.
 - 2) Our budget is subject to OSC review. Currently ongoing for the 2025/26 budget cycle.
- Based on current projections we do not anticipate using the entire \$4.4 million deficit BAN. Only the amount needed and certified by OSC will be refinanced on a long-term basis. The remaining BAN portion will be repaid with the unspent proceeds.

Looking Forward

- January 2025 – wrap 2023 audit, start 2024 audit, prepare and file 2024 AFR with OSC.
- February 2025 – wrap 2024 financial audit.
- March/April 2025 – work on closing out the February 28, 2025 reporting period.
- May 2025 – Prepare and file the 2025 AFR (on time for the first time in long time). Start Preliminary audit work.
- June/July 2025 – Finalize 2025 financial statement audit.

Questions?



Thank You!



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VILLAGE BOARD BUDGET PUBLIC HEARING – VILLAGE TREASURER LESLIE TILLOTSON:

VILLAGE OF
WASHINGTONVILLE

Tentative Budget
January 13, 2025

NYS COMPTROLLER DEFICIT FINANCING REQUIREMENTS:

- Annual budget review- the tentative budget was submitted to the NYS Comptrollers office on January 3rd to start their review process (this process will continue until the deficit financing debt is paid off)
- They will examine the tentative budget and make recommendations as deemed appropriate prior to the adoption of the budget.
- The Mayor and Village Board will review the recommendations and make adjustments to the tentative budget consistent with those recommendations.

BUDGET PROCESS – FISCAL YEAR 2025/2026

- The Mayor, Board of Trustees and the department heads met over the past few months to compile the 2025/2026 Village Budget.
- Each department head submitted their budget to the Mayor, Board Liaison and the Treasurer with their projections at the end of November.
- The Mayor, the Board liaisons, the Board and the Treasurer reviewed each departments budget request line by line for reasonableness.

TENTATIVE 2025/2026 BUDGET SUMMARY

- The Village posted a copy of the tentative budget on their website on January 8, 2025.
- The fiscal year 2025/2026 budget reflects the following increase:
 - 14.93% increase in property taxes (no increase in the water and sewer rates) the increase is down from the prior year increase of 21.14%.
- Factors effecting this increase:
 - Health insurance premiums increased. There was also an increase in number of employees receiving benefits over the prior year (for single & family coverage) and the addition of 1 new full time employee.
 - Increase in the principal & interest payment for the deficit financing of \$65,979.

TENTATIVE 2025/2026 BUDGET SUMMARY

- Factors effecting this increase (continued):
 - Increase in salaries for new employees (3 new part time employees at Village Hall and 1 new full time for DPW).
 - Increase in paving costs (not offset by CHIPS reimbursement)
 - Non property tax revenues were reduced based on actual to date (franchise fees and building department permits).
 - CHIPS was also reduced to reflect what the Village is entitled to receive from NYS in the 2025/2026 fiscal year.

TENTATIVE 2025/2026 BUDGET SUMMARY-GENERAL FUND REVENUES

Revenue Account	2025/2026 Budget
Property taxes	\$5,393,550
Sales tax	\$1,170,000
Franchise fees	\$107,000
Mortgage tax	\$150,000
SRO-WCSD	\$275,000
Other revenue	\$487,995
Total Budget	\$7,583,545

TENTATIVE 2025/2026 BUDGET SUMMARY-GENERAL FUND EXPENDITURES

Expenditure Category	2025/2026 Budget
General Government Support	\$910,041
Public Safety	\$2,769,591
Transportation	\$1,094,200
Culture and Recreation	\$79,250
Home and Community Services	\$33,000
Employee Benefits	\$2,072,194
Debt Service	\$625,269
Total Expenditure Budget	\$7,583,545

TENTATIVE 2025/2026 BUDGET SUMMARY-PROPERTY TAXES

Assessment	2024-2025 Tax Payment	2025-2026 Budgeted Tax Payment	Annual Variance	Monthly Variance	Weekly Variance	Daily Variance
25,000	\$1,522	\$1,744	\$222	\$19	\$4	\$0.61
30,000	\$1,826	\$2,093	\$267	\$22	\$5	\$0.73
35,000	\$2,130	\$2,441	\$311	\$26	\$6	\$0.85
40,000	\$2,435	\$2,790	\$355	\$30	\$7	\$0.97
45,000	\$2,739	\$3,139	\$400	\$33	\$8	\$1.10
50,000	\$3,044	\$3,488	\$444	\$37	\$9	\$1.22
55,000	\$3,348	\$3,836	\$488	\$41	\$9	\$1.34
60,000	\$3,652	\$4,185	\$532	\$44	\$10	\$1.46
65,000	\$3,957	\$4,534	\$577	\$48	\$11	\$1.58
70,000	\$4,261	\$4,883	\$622	\$52	\$12	\$1.70

TENTATIVE 2025/2026 BUDGET SUMMARY-WATER FUND

Water Fund	2025/2026 Budget
Revenues:	
Water Meter Rents	\$1,176,031
Water Rents Bulk	\$150,000
Interest & Penalties	\$5,000
Total Revenues	\$1,331,031
Expenditures:	
Operations	\$120,000
Administration	\$648,115
Purification	\$155,000
Transmission	\$207,500
Employee Benefits	\$200,416
Total Expenditures	\$1,331,031

FUTURE BUDGETARY HIGHLIGHTS

- In June 2025 NYS will certify the deficit financing and at this time the debt will be converted to a bond. The current BAN is at \$2.6 million at an interest rate of 6.25%. Although we don't have a final deficit borrowing amount at this time the issuance could potentially be lower with a lower interest rate and this potential lower payment will reduce the impact on the tax levy for the 2026/2027 budget.

QUESTIONS AND ANSWERS - PUBLIC COMMENT:

Resident Anthony Grice questioned "with regard to the Village Police Department SRO Budget it was noted as an Expenditure but then also appears as a Revenue. Why is that"?

Treasurer Tillotson explained "this is the salary of the Police Department and then the Revenue comes from the Washingtonville Central School District."

Arthur Jefferies from 149 East Main Street stated "my question is on the Water - Sewer F Fund. How many employee benefits are being paid from this Fund"?

The Treasurer replied "there is a mix of all employees".

Vincent Lang of 9 Plymouth Rock Court questioned "has more money been allocated to the Water – Sewer Budget for water meters"?, and Mayor DeVinko responded "yes."

Paul Lang of 10 Patriot Lane asked "are the Mayor and Village Trustees taking a reduction in salary"?

Mayor DeVinko replied "No. Currently in this proposed Budget the Mayor's salary was submitted as \$40,000; Deputy Mayor increased to \$16,000; Trustees salary increased to \$12,500.00."

Paul Lang stated "does the Village Board feel these increases are appropriate?" Mayor DeVinko indicated "this position has become Full Time. When I was Mayor in the 1990's it was a Part Time job but now there are so many job functions entailed in this position the salary increase is totally justified."

Mr. Lang continued "the Village should hire an Office Manager", and Mayor DeVinko stated "a Village Manager would be paid over \$100,000, and the Mayor is only being paid \$40,000 to do the same functions. The Village Board works every day with the office staff and makes critical decisions constantly. If any audience member or resident would like to come and spend a month with me they would see all we do. The Village Clerk's Office is understaffed and there were more employees (Full and Part Time) in 1997 then to date."

Mr. Lang commented "with the Village under financial stress this is an inappropriate time to increase salaries. It should be put on a Referendum and let the residents decide if the Board needs a raise."

QUESTIONS AND ANSWERS - PUBLIC COMMENT – (CONTINUED):

Village resident Sean Hegarty of 4 Belvoir Drive commented "this is a Village, not a Town so the salaries are less, and are the Trustees and Mayor receiving benefits as well."

Mayor DeVinko replied "this is why the Village pays only \$40,000 and the Towns are earning \$100,000, and no benefits are received by the Village Board."

Mr. Hegarty expressed "I also believe Village Board salary increases should be decided by residents and done in a Referendum. With the Village currently being in a deficit it is a large increase to request."

Resident Erik Horman of 38 Woodfield Drive mentioned "I was here last year at the Budget Meetings when the Village was talking about generating revenue. Fees should be charged for special events to offset the costs for Police Overtime."

Deputy Mayor Jacaruso explained "the Village Board has recently revised the Village Building Department Fees which were low and have now increased."

Mr. Sean Hegarty questioned "is the Department of Public Works (D.P.W.) working on Saturdays a stipulation of employment"?

Mayor DeVinko stated "D.P.W. works a Monday through Friday schedule but an Agreement is in place if an employee is needed to work on a weekend then they will have a day off during the week."

CLOSURE OF PUBLIC HEARING:

Deputy Mayor Jacaruso made a motion, seconded by Trustee Walski and adopted to close the Village Budget Public Hearing; said Resolution passed by a unanimous vote of the Village Board. 5 Ayes, 0 Nays, 0 Absent, 0 Abstentions.

PUBLIC COMMENT:

Paul Lang stated "will there be another Budget Hearing presentation again"?

Mayor DeVinko responded "I am going to leave it open for a fourteen (14) day period for written comments".

Vincent Lang indicated "When will the Village hear back from New York State after you submit the Village Budget"?

Mayor DeVinko explained "the Village is given five (5) days to review the State's comments before the Budget is adopted on February 3. The Village Board will share the State's recommendations when they are received."

Mr. Vincent Lang commented "Are they recommendations or mandates"?

Mayor DeVinko replied "they are mandates called a recommendation. State Law implements what the Village needs to do before adopting the Budget." If you have questions please feel free to reach out to me with written or oral comments. The Mayor thanked audience members for all their comments and the Village Board will review all of them.

RESOLUTION 25 – 0005 - ADJOURNMENT:

Trustee Coleman made a motion, seconded by Trustee Walski and adopted to close the January 13, 2025 Village Budget Public Hearing; said Resolution passed by a unanimous vote of the Village Board. 5 Ayes, 0 Nays, 0 Absent, 0 Abstentions.

RESPECTFULLY SUBMITTED,

CHRISTINE SHENKMAN

VILLAGE CLERK