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April 5, 2012

Mr. David Gill
Superintendent of Schools
Members of the Board of Education
Chenango Valley Central School District
221 Chenango Bridge Rd.
Binghamton, NY 13901

Report Number: B4-12-8

Dear Superintendent Gill and Members of the Board of Education (Board):

Chapter 206 of the Laws of 2008 authorized the Chenango Valley Central School District (District) to issue debt totaling \$3.5 million to liquidate the accumulated deficit in the District's general fund and school lunch fund as of June 30, 2008. 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 succeeding fiscal year.

The budget must be submitted no later than 30 days before the date scheduled for the 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.

No later than five days prior to the adoption of the budget, the Board must review all recommendations made by the State Comptroller and may make adjustments to its proposed budget consistent with those recommendations contained in this report. All recommendations that the Board rejects must be explained in writing to our office.

Our Office has recently completed a review of the District's budget for the 2012-13 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 2012-13 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 estimates were 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 ending June 30, 2013, consisted of the following:

- 2012-13 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	\$32,175,214	\$13,537,761	\$450,000	\$18,187,453
Food Service	\$745,960	\$745,960	\$0	\$0

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 is effective for fiscal years that begin in 2012. 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.

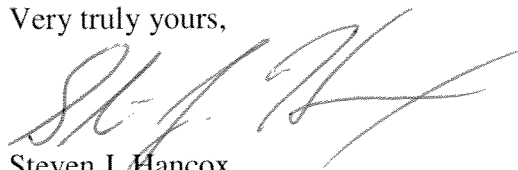
¹ Our office has previously determined that the rate of inflation applicable in school districts with a fiscal year beginning July 1, 2012, is greater than 2 percent. Therefore, the property tax levy is capped at 2 percent.

The District's proposed budget complies with the tax levy limit because it includes a tax levy of \$18,187,453, which increases the 2012-13 tax levy by 2.0 percent over the 2011-12 tax levy of \$17,832,711. In adopting the 2012-13 budget, the Board should be mindful of the legal requirement to maintain the tax levy increase to no more than the calculated limit, unless 60 percent of District residents vote to exceed this statutory limit.

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 Todd Eames, Chief Examiner of the Binghamton Regional Office, at (607) 721-8306.

Very truly yours,



Steven J. Hancox
Deputy Comptroller

cc: Elizabeth Donahue, Business Manager
Susan M Cirba, Clerk of the Board
Mary Beth Hammond, Assistant Superintendent
Allen D. Buyck, District Superintendent of Broome-Tioga BOCES
John A. DeFrancisco, Chair, Senate Finance Committee
Herman D. Farrell, Jr., Chair, Assembly Ways and Means Committee
Clifford Crouch, State Assembly
Tom Libous, State Senate
Robert L. Megna, Director, Division of the Budget
John B. King, Jr., Commissioner, State Education Department
James Conway, Director, Office of Audit Services, State Education Department
H. Todd Eames, Chief Examiner