



# Village of Port Dickinson Financial Condition

## Report of Examination

Period Covered:

June 1, 2012 — February 6, 2014

2014M-154



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

August 2014

Dear Village Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Village Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Village of Port Dickinson, entitled Financial Condition. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Village of Port Dickinson (Village) was incorporated in 1876 and has approximately 1,700 residents. The Village is located in the Town of Dickinson in Broome County. The Village provides various services to its residents, including street maintenance, snow removal, sewer, water, police and fire protection and general government support. Budgeted appropriations for the general, water and sewer funds for fiscal year 2014-15 total \$1.5 million, to be funded primarily by real property taxes, sales tax, State aid and user charges.

The Village is governed by an elected Board of Trustees (Board) which comprises four Trustees and a Mayor. The Board is the legislative body responsible for the general oversight and management of Village operations. The Mayor is the Village's chief executive officer. The Village has a Treasurer and a Clerk who are appointed by the Mayor. The Treasurer is the chief fiscal officer and is responsible for receiving, disbursing and maintaining custody of all Village moneys; maintaining the accounting records; and filing financial reports. The Clerk is responsible for the recording, billing and receiving of sewer rent revenues and reporting of annual water consumption.

The Binghamton-Johnson City Joint Sewage Treatment Plant (WWTP) entered into an outside user agreement with the Village to provide sewage services to the Village. The WWTP bills the Village quarterly based on estimated costs and the prior year's flow (volume of water consumed by residents and commercial units). The WWTP sends an adjusted final bill at the beginning of the following year based on the WWTP's actual costs and the actual flow data reported to the WWTP by the Village. The Village is billed or reimbursed for the difference between what it paid and what it actually owes for sewage services. In addition, the Village provides the use of its sewer lines to the Town of Fenton and the Town of Dickinson. The Village assesses a fee to these towns for this service based on flow and/or a percentage of its sewer operation and maintenance costs.

## Objective

The objective of our audit was to assess the Village's financial condition and budget procedures for the general and sewer funds. Our audit addressed the following related question:

- Did Village officials ensure that general fund budgets were structurally balanced and sewer rates generated sufficient revenues to cover sewer costs?

**Scope and  
Methodology**

We examined the financial condition of the Village for the period June 1, 2012 through February 6, 2014. We extended our scope back to fiscal year 2008-09 and forward to May 31, 2014 to review the financial condition of the general and sewer funds.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix C of this report.

**Comments of  
Local Officials and  
Corrective Action**

The results of our audit and recommendations have been discussed with Village officials and their comments, which appear in Appendix A, have been considered in preparing this report. Except as specified in Appendix A, Village officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix B includes our comments on the issues raised in the Village's response letter.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Village Clerk's office.

## Financial Condition

Proper budget development begins with identifying and estimating the necessary expenditures to carry out the services the Board provides to Village residents. Next is identifying and estimating the revenues, other than real property taxes, that should be available to finance those planned expenditures. Overarching the development of these estimates is the structural soundness of the budget; recurring expenditures should be financed by recurring revenues. Surplus fund balances may be used as a financing source. However, because surpluses are finite, Village operations should not be regularly financed by the use of surplus fund balances. Thus, fund balance would best be used to finance nonrecurring, or otherwise infrequent, expenditures. Moreover, when a Village provides fee-based services, the Board should ensure that the rates established generate sufficient revenues to cover the costs to operate such services. It is also important that the Board take action when revenue estimates are not being realized or expenditures exceed the amounts originally appropriated.

The Board should also plan for service and capital needs beyond the current year by developing and adopting comprehensive, long-term financial and capital plans that project operating and capital needs and financing sources over a three-to-five year period. This would enable the Board to identify developing revenue and expenditure trends, set long-term priorities and goals and avoid large fluctuations in tax rates and sewer rates to maintain healthy fund balance levels. Planning on a multiyear basis also allows Village officials to assess the impact and merits of alternative approaches to financial issues, such as accumulating money in reserve funds for future anticipated needs. Also, the Board must monitor and update long-term financial plans on an ongoing basis to ensure that its decisions are guided by the most accurate information available.

Village officials did not develop structurally balanced budgets for the general fund and did not ensure that sewer rates generated sufficient revenues to cover sewer fund costs over the last six fiscal years. As a result, the general fund balance declined from \$219,000 to a negative balance of \$19,000 and the sewer fund fund balance declined from \$94,000 to \$18,000. The significant declines in fund balances were contributed to by a reliance on surpluses from the general fund and fluctuations in sewer rent revenues. These fund balance declines, combined with a lack of a long-term plan, could have a significant impact on the Village's financing of future budgets and the ability to maintain current service levels.

General Fund – Village officials did not develop structurally balanced budgets and continually adopted budgets that financed recurring expenditures with surplus fund balance by an annual average of \$66,000 from 2008-09 to 2012-13. While they were fortunate enough not to use the entire amount of fund balance they planned to use each year, they did incur operating deficits in 2010-11 and 2012-13 totaling \$170,000. These deficits depleted the fund balance by 82 percent, from \$219,000 in 2008-09 to \$40,000 in 2012-13. Moreover, another operating deficit of approximately \$111,000 occurred in 2013-14, which depleted the remaining available fund balance and caused the Village’s general fund to have a negative fund balance of approximately \$19,000.

Village officials told us that, generally, surplus funds were used to avoid large increases in taxes. However, the continued use of fund balance to finance the current level of expenditures has kept the real property tax levy artificially low. As fund balance is consumed and is no longer a financing source for general fund operations, the Board will be faced with the choice of reducing or eliminating expenditures and/or increasing real property taxes. To illustrate, the current gap between revenues and expenditures of \$51,521 represents approximately 14 percent of the 2013-14 real property tax levy. As that gap widens, and if cost-cutting measures are not taken, the necessary increase in real property taxes will follow. However, the real property tax cap law has limited the Village’s ability to increase the real property tax levy, thereby further inhibiting the Board’s ability to finance operations at the current rate of expenditure growth. Continuing to deplete fund balance without identifying alternative financing sources could lead the Village to being fiscally stressed, which will impair the financial condition of the Village as a whole.

During the development of the 2014-15 budget, Village officials recognized the lack of available fund balance and did not appropriate fund balance to finance operations. Instead, they increased real property taxes<sup>1</sup> by 3.4 percent and plan on having fewer expenditures.<sup>2</sup> Village officials told us that they do not plan to budget for the use of surplus funds over the next several years, and they intend to establish a plan for the use of surplus funds. Further, Village officials told us that, along with the monthly budget-to-actual reports, they plan to generate additional financial reports to provide to the Board to ensure that budget lines are not overspent. However, to avoid overriding the tax cap in future years’ budgets, Village officials will likely need to develop budgets that have other financing sources to ensure that

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<sup>1</sup> The Board passed a local law to exceed the real property tax cap limit of 2 percent.

<sup>2</sup> The Village recently experienced various one-time expenditures that officials do not anticipate recurring in 2014-15.



services will continue to be provided to residents at the current level. Otherwise, reducing expenditures and service levels will be the only options for the Village to avoid severe fiscal stress.

Sewer Fund – Village officials did not ensure that sewer rates generated sufficient revenues to cover the planned expenditures in the sewer fund. As a result, over the last five years, the sewer fund experienced deficits totaling \$106,000. Sewer rates were not always developed in conjunction with the sewer budget, nor did they always include both an operational rate and a WWTP rate<sup>3</sup> based on total planned expenditures. Further, over the last five fiscal years ending May 31, 2013, although expenditures did not exceed appropriations, in total, Village officials received \$79,000 less revenues than they had estimated. During this same period, while Village officials planned to use \$32,000 of surplus fund balance, they needed to use an additional \$75,000 because of emergency repairs and additional rate increases from the WWTP. As a result, fund balance declined by 81 percent, from \$94,000 in 2008-09 to \$18,000 in 2012-13.

Much of the Village officials' difficulties with estimating the sewer fund's financial results stem from the use of three financial cycles:

- The Village's Fiscal Year – The Board adopts operating budgets for all of its operating funds, including the sewer fund, based on its fiscal year ending May 31 each year.
- The Village's Billing Cycle – The Village bills its residents for sewer use three times each year, in March, July and November, for the four prior completed months.
- The WWTP's Billing Cycle – The WWTP bills the Village quarterly based on a calendar year, in January, April, July and October. The bills are based on the Village's prior year's actual total cubic feet of water processed. A subsequent bill, which includes an adjustment between the prior year and the current year's usage, is sent in February of the following year once the Village reports its annual consumption to the WWTP.

The three disparate cycles create difficulties in matching the expenditures with the revenues necessary to finance them. The Village's quarterly calendar-year payments to the WWTP for its fiscal year ending May 31 cover two different WWTP years and possibly two different rate structures. For example, the Village's cost for its 2012-13 fiscal year covers the WWTP's 2012 third and fourth quarter bills (rate based on the 2011 flow and the WWTP 2012 budget) and

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<sup>3</sup> The Village and the WWTP entered into an outside user agreement to provide sewage services to the Village. The WWTP bills the Village quarterly.



the WWTP's 2013 first and second quarter bills (based on 2012 flow and the WWTP 2013 budget).

Village officials have no control over the costs set by the WWTP and told us the WWTP failed to provide timely information about annual costs for budgeting purposes. In addition, the Board did not consistently develop sewer rates based on actual amounts it needed to raise to cover planned appropriations. Instead, from 2008-09 to 2011-12, there was a flat minimum charge for sewer that was not tied to the planned appropriations. In 2012-13, although Village officials changed the method to calculate sewer billings to align revenues with anticipated expenditures, the increase was implemented late and therefore was not sufficient to keep pace with the growing expenditures. Lastly, when the Village incurs unexpected expenditures and the established sewer rates do not generate sufficient revenues to cover these costs, Village officials use fund balance to cover these costs without a mechanism to recoup these funds in future budget cycles to maintain a healthy fund balance.

Long-Term Plan – Although Village officials have taken steps to identify and fund future capital needs through the annual budget process, these costs were not developed as part of a comprehensive long-term financial plan to enable the Village to project for the maintenance of healthy fund balance levels in the general and sewer fund. Had such a plan been in place, the Board may have been better able to manage the use of fund balance before it was depleted. As mentioned above, the general fund currently has a deficit fund balance at the end of 2013-14. Furthermore, although the sewer fund currently has fund balance of approximately \$18,000 for the fiscal year ending 2014, Village officials have not established any reserves in the sewer fund to finance future capital costs or taken steps to rebuild healthy fund balance levels in either the general or sewer funds.

## Recommendations

The Board should:

1. Not continually rely on one-time revenue sources, such as surplus fund balance, to finance recurring expenditures.
2. Ensure that its sewer budgets include realistic estimates for revenues and expenditures.
3. Include any revenue shortfalls or unexpected expenditures from the prior year in the upcoming year's calculation of sewer rates.

Village officials should:

4. Amend their agreement with the WWTP to ensure that the WWTP provides timely information regarding its current and future cost structure to enable the Village to develop better budget estimates and a more accurate long-term financial plan. If this is not practicable, Village officials should consider aligning their billing or fiscal cycles with the WWTP.
5. Develop and implement a comprehensive multiyear financial plan that establishes priorities and goals, considers revenue and expenditure trends and plans for future costs. This plan should also include an assessment of a reasonable amount of fund balance, including reserves, to be maintained to meet the Village's needs. Additionally, the Board and Village officials should frequently monitor and update this financial plan and the current capital plan to ensure that their decisions are based on the most accurate and up-to-date financial information.

## **APPENDIX A**

### **RESPONSE FROM LOCAL OFFICIALS**

The local officials' response to this audit can be found on the following pages.

The Village's response letter refers to a page number that appeared in the draft report. The page number has changed during the formatting of this final report.

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August 6, 2014

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Division of Local Government and School Accountability  
44 Hawley Street, Room 1702  
Binghamton, NY 13901-4417

Re Response Letter to Draft Village of Port Dickinson  
Financial Condition Report of Examination 2014M-154

Please find the Audit Response and Corrective Action Plan (CAP) for the Village of Port Dickinson as a result the recent NYS Comptroller Audit for the period covered June 1, 2012 to February 6, 2014.

Please be advised that this Audit Response is also serving as the CAP.

On behalf of our Treasurer Cheryl Miller, and the Village Board we would like to extend our gratitude for the professionalism and consideration extended to us by [REDACTED] and [REDACTED]. They made this Audit constructive and informative.

The Village of Port Dickinson accepts the majority of the comments and recommendations in the Audit. We have some reservations as set forth in detail below in regards to your suggestions and our abilities relating to the Sewer Funds and how those are influenced by the Binghamton Johnson City Joint Sewage Treatment Board (BJCJSTB) operation. However, we are taking your recommendations as an opportunity to improve our operations and practices in the Village of Port Dickinson.

### AUDIT RESPONSE REGARDING THE GENERAL FUND:

In reference to the practice of using the surplus fund balance to fund the annual budget. It was our intention while completing the annual tentative budget to propose the minimum annual tax increase for our residents that would sustain our operations. This has been our goal for the last



several years even prior to the Governors initiative of the Tax Cap. In using these surplus funds to retain the lower tax increases we always felt we had maintained what we believed to be a respectable fund balance to fund emergency type expenditures and non-recurring expenses based on past experiences. This also takes into account that many of the residents of our Village are on limited personal income and thus are not in a position to readily accept significant increases to local taxes.

On an annual basis we did adopt a balanced budget by identifying and estimating expenditures to provide the services that the Village provides to its residents. We then estimated all sources of revenue to fund these services. Then as you pointed out we did use portions of fund balances to insure a minimal tax increase each year. [Note: As discussed with your examiner at the exit interview the statement on page 6 of your report that “there were different views among Board members regarding the use of surplus funds” is not correct. At all times all Board members have been consistent in support of the need to use surplus funds to minimize annual tax increases]

See  
Note 1  
Page 16

It should also be noted that, as we previously discussed with the [REDACTED] during the development of the 2014-15 budget we did not appropriate fund balance to finance operations. In our long range plans we will not use fund balances to fund future annual budgets.

As we move forward fiscally we are reviewing several measures for cost-saving and revenue generating opportunities. We will very soon be meeting with Town of Dickinson officials in regards to combining the Public Works Department of the Village into the Town highway department as one operation. This merging of two processes is viewed as an improvement for, each operation. Currently as well as in past years the two municipalities are working together on several joint public works ventures so we are confident that we will maintain the current standard of service the residents enjoy along with improving future resident services. It is felt that this alone will reap financial savings to the Village.

We have begun to carefully review all general funds expenditures and consolidate where applicable. Once we have established a feasible level of funding for the fund balance we will designate that as our plan and establish the approved level that will be designated for emergency and unforeseen non-recurring expenditures.

For several years we have made financial plans typically of a five year forecast for the purchase of capital equipment, which in the Village relates primarily to Public Works vehicles, equipment and police vehicles. We would reserve funds in each of approximately 5 years prior to the acquisition to avoid the need to borrow for these capital expenses. In conjunction with this we will expand our long term planning for the entire Village fiscal operation beginning with this current fiscal year.

As you are also aware the Village experienced severe damage during the 2011 Tropical Storms and Floods. The Village completed the final FEMA reconstruction work in August 2013. As of May 2014, the last month of our fiscal year the Village still had not received \$90,000 of FEMA approved funds that were being held by the NYS Emergency Management Agency. These flood

damage repair expenditures were made from Village revenues thus lowering our available funds balances at the time of your audit

We have already begun increasing the Trustee's oversight of each of their respective financial segments. This is being done by quarterly reviews of each department. Each Trustee will be instructed to identify all future capital expenditures in their department within the five year plan and beyond if possible. We plan to meet on a quarterly basis to monitor our spending plan. Also we are soliciting proposals from accounting firms to help us monitor our fiscal operations on an annual basis.

We also have worked with [REDACTED] a grant writing company, in obtaining a grant to install an elevator in the Village Hall. We intend to have that firm continue researching possible grants for the Village in hopes that outside funding sources might be identified to fund capital and major projects.

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#### AUDIT RESPONSE REGARDING THE SEWER FUND:

The Village has, indeed, planned and budgeted to insure that sewer rates generated sufficient revenues to cover planned and reasonably anticipated expenditures in the sewer fund. . But as is evident from what is discussed below you will see how little input we have into the planning and billing from the Binghamton-Johnson City Joint Sewage Treatment Board. In Calendar Year 2012, our payments to the BJCJSTB were \$47,000 per quarter. The first indication of a rate increase in Calendar Year 2013 came well into the second quarter, on May 16th, when the BJCJSTB notified the Village that Calendar year 2013 payments would be \$61,400 per quarter, or an immediate increase of 32.5%, retroactive to Jan 1, 2013. The amount of increase is approximately \$58,000 for CY 2013, or \$100 on average for each of the Village's 579 sewer customers. The Village instituted an immediate sewer rate increase, effective June 1, 2013, and another rate increase, effective February 1, 2014, in order to meet the financial demands of the Board. A portion of these revenues will allow the Village to establish a reserve fund for the sewer during the coming year.

See  
Note 2  
Page 16

We incorporated into our on-going water meter replacement plan, new remote reader water meters. This allows a reading via a hand held scanner allowing for a more accurate and timely water meter reading. This concept will provide us the potential to move to a quarterly (4 times a year) resident billing cycle which will provide us the potential to assist us in changing our sewer rates over a shorter period of time that being a 3 month billing cycle versus a 4 month thus giving us a greater cash flow at all times.

As the Introduction to the audit report points out, the agreement between the Village and the BJCJSTB requires the Village to make quarterly estimated payments to the BJCJSTB and the BJCJSTB to send an adjusted final bill at the beginning of the following



year based upon actual costs and flow data. Regrettably this has not been the case. As the audit report of the Office of the State Comptroller of the BJCJSTB for the period from January 1, 2008 through June 26, 2009 points out, among other things, billings and collections were anything but timely. The failure of the BJCJSTB to properly do so resulted in its inability to provide outside municipalities with the prior year adjusted final bill and more importantly to give credit to those municipalities for their prior year overpayment. The major cause of the lack of operating funds was the failure of the Village of Johnson City, one of the owners of the BJCJSTB, to pay its share of the expenses.

The Village as well as all other outside user municipalities anticipate that in accordance with their agreements that during the following fiscal year they would receive any over payment from the prior year which overpayment might be used in making later payments during the current fiscal year. Despite an exchange of emails from 2010 until 2012 by the Chief Fiscal Officer of the Town of Kirkwood to the BJCJSTB representatives, the over payment due for fiscal years 2009, 2010 and 2011 had still not been received. When that Town threatened to withhold further quarterly payments until such payment had been received Counsel of the BJCJSTB advised that, despite the fact that the BJCJSTB was itself in violation of the agreement, that Town would be in violation of its agreement and would be charged a 1 1/2 % late charge

In an email from the Comptroller /Chief Fiscal Officer of the City of Binghamton to the Kirkwood Supervisor the issue was succinctly discussed as follows:

"Here is the situation regarding old/adjusted billings for sewage treatment:

As a result of the 2008/2009 State Audit of the Sewage Treatment Plant it was determined that JC had been reducing their payments inappropriately (\$175,000 per year that was "Not a supported expense"). The Joint Sewer Board asked JC to either remove that and resubmit their figures or provide support. As of the 6/05/2012 BCJST Board Meeting this had not been done and JC was to be given the ultimatum that it would be removed and the board would adjust the billings. JC has also not paid \$411,462 due for the 2009 Billings. Interest is now being added to that amount and the Sewer Board will have to decide whether to take legal action against JC.

Going forward I have proposed that rather than reopening old billings a method of issuing debit or credit memos be implemented. There are currently five years worth of activity in flux and it is impossible to budget or plan when we keep reopening old years." [emphasis supplied)

It is submitted that if the Comptroller/CFO of the City of Binghamton who is entrusted with the accounting for the budget of the BJCJSTB is unable to budget or plan for the



facility to which the Village must make required payments. by the same token the Village cannot be held responsible for its well-intentioned effort to calculate its own budget for sewage treatment..

The recommendation of your report that the Village should amend its agreement with the BJCJSTB to provide timely information regarding current and future costs will undoubtedly be met with the same indifference as Kirkwood was met by when it attempted to withhold current payments until receiving past due credits. We sincerely doubt that the BJCJSTB will amend said agreement and pay the outside users a 1 1/2 %% late charge. While the Village could as you recommend align its sewer billing cycle with the billing cycle of the BJCJSTB, such alignment will have no practical impact unless and until the BJCJSTB adheres to its agreement and furnishes the Village in the beginning of the following year with an adjusted bill for the prior year. It is now July of 2014 and the Village has yet to receive adjusted bills for prior years 2012 and 2013.

Additionally, we recognize the importance of establishing a reserve in the Sewer Fund and this will be a priority along with initiating a 5 year plan to assist us in planning for expenditures.

In conclusion, we would like to thank the Office of the State Comptroller for their many useful suggestions, many of which we intend to implement in the very near future as discussed more fully above. Thank you for allowing us to respond to such suggestions which we felt necessary to allow you a full understanding of our financial situation.

Yours truly,

KEVIN M. BURKE, Mayor

## **APPENDIX B**

### **OSC COMMENTS ON THE VILLAGE'S RESPONSE**

#### **Note 1**

After discussing our draft report with Village officials, we removed this statement from our report.

#### **Note 2**

We recognize the difficulties the Village officials face when estimating sewer rates and matching revenues with expenditures. However, the sewer rate adopted by the Board over the last several years was not sufficient to cover the planned expenditures. As a result, over the last five years, Village officials received \$79,000 less in revenues than they had estimated and the sewer fund experienced deficits totaling \$106,000.

#### **Note 3**

The Board is ultimately responsible for the financial affairs of the Village. Further, when the Village provides fee-based services, the Board should ensure that the rates established generate sufficient revenues to cover the costs to provide such services.

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

We reviewed the Village's financial condition for the period January 1, 2012 through February 6, 2014. We extended our scope back to fiscal year 2008-09 and forward to May 31, 2014 to review the financial condition of the general and sewer funds. To achieve our financial condition objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed appropriate Village officials to obtain an understanding of the Village's budget development and monitoring processes and the long-term needs of the Village. We also determined whether the Board had developed a plan to address these needs.
- We reviewed the Board minutes from 2008-09 through 2013-14 regarding budget reporting activities and the Board's oversight over daily operations, including budget monitoring.
- We reviewed budget-to-actual variances in excess of 10 percent for revenues and expenditures for the general and sewer funds from fiscal years 2008-09 through 2012-13 and as of March 2014 and made inquiries regarding any deficiencies.
- We calculated, for the general and sewer funds, the surplus fund balance as a percentage of the ensuing year's appropriations from fiscal years 2008-09 through 2012-13.
- We calculated the operating surplus/deficit for fiscal years 2008-09 through 2013-14 for the general and sewer funds and determined whether any operating deficits were planned or unplanned and their significance.
- We reviewed water consumed by Village residents to the consumption amount reported by the Village to the WWTP for 2013 to determine whether the Village was reporting its consumption correctly.
- We compared the annual cost for sewer to the annual revenues collected from 2008-09 through 2012-13 to determine whether the Board collected sufficient revenues to cover the annual cost in the sewer fund over the last five years. Further, we determined whether revenues received from the annual flat rate were sufficient to cover the operational and maintenance costs.
- We determined whether the annual amounts charged by the Village to the Town of Fenton and the Town of Dickinson were sufficient to cover the operational and maintenance costs allocated to these municipalities.<sup>4</sup>

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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<sup>4</sup> The Village charges the Town of Fenton and the Town of Dickinson for the use of its sewer lines.

## **APPENDIX D**

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