

# Village of Solvay

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## Financial Management

**2023M-49 | July 2023**

# Contents

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- Report Highlights . . . . . 1**
  
- Background. . . . . 2**
  - How Should a Board Effectively Manage the Electric Fund’s Financial Condition? . . . . . 2
  
  - The Board Did Not Effectively Manage the Electric Fund’s Financial Condition. . . . . 3
  
  - How Should a Village Board and Officials Monitor the Budget? . . . . 8
  
  - The Board and Officials Did Not Adequately Monitor the General Fund Budget . . . . . 9
  
  - Why Should the Board and Officials Develop and Adopt Written Multiyear Plans? . . . . . 10
  
  - The Board and Officials Did Not Develop and Adopt Written Multiyear Plans. . . . . 10
  
  - What Do We Recommend? . . . . . 11
  
- Appendix A – Response From Village Officials . . . . . 13**
  
- Appendix B – Audit Methodology and Standards . . . . . 14**
  
- Appendix C – Resources and Services . . . . . 16**

# Report Highlights

## Village of Solvay

### Audit Objective

Determine whether the Village of Solvay (Village) Board of Trustees (Board) and officials monitored budgets and managed the electric fund's financial condition.

### Key Findings

The Board and Village officials did not develop a budget for the electric fund and adequately manage its financial condition.

From 2016-17 through 2020-21, the electric fund's total net assets declined by approximately \$9 million and cash declined from \$4.1 million to \$1 million.

Officials also did not:

- Maintain up-to-date records or provide adequate financial reports to the Board.
- Take action to ensure electric fund revenues kept pace with expenses.
- Ensure that annual payments from the electric fund to the general fund totaling approximately \$1 million were justified and supported.
- Monitor the general fund budget during 2021-22. As a result, 31 general fund appropriation accounts were over expended by nearly \$1.2 million.
- Develop long-term written financial or capital plans.

### Key Recommendations

- Address the electric fund's declining financial condition.
- Maintain timely records and provide the Board with financial reports.
- Adopt and monitor budgets for each fund and develop and adopt written multiyear financial and capital plans.

Village officials generally agreed with our recommendations and indicated they plan to initiate corrective action.

### Background

The Village, located in Onondaga County, is governed by an elected seven-member Board composed of the Mayor and six trustees. The Village operates a municipal electric utility that serves residential, commercial and industrial customers in the Village and some surrounding communities. The Board is responsible for the overall management and oversight of the financial operations. The Mayor serves as the chief executive and budget officer.

The Treasurer is the chief financial officer and is responsible for maintaining the Village's accounting records. In July 2021, the former Treasurer became the Treasurer for the electric fund only and the Village Clerk became Clerk-Treasurer for all other funds. The Clerk-Treasurer later assumed responsibility for the electric fund in January 2022 when the former Treasurer left Village employment.

#### Quick Facts

2021-22 General Fund Budget Appropriations	\$6.0 million
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#### 2020-21 Electric Fund

Revenues	\$26.1 million
Expenses	\$27.6 million
Number of Customers	5,200

### Audit Period

June 1, 2020 – January 17, 2023

We extended the audit scope period back to the 2016-17 fiscal year to evaluate certain financial trends.

# Background

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The Solvay electric department was established in 1896 and is one of more than 30 village-owned electric utilities in New York State. The electric department is managed by a five-member Electric Department Commission (Commission), which includes the Mayor and four members appointed by the Mayor, subject to Board approval. The Commission is a subsidiary body acting for and at the pleasure of the Board.

The electric department sources its power from both the New York Power Authority (NYPA) and the New York Municipal Power Authority (NYMPA). It is subject to regulation by the New York State Public Service Commission (PSC) with respect to wholesale power purchased, the base rates charged to customers and various other matters.

## **How Should a Board Effectively Manage the Electric Fund's Financial Condition?**

To effectively manage the financial condition of the electric fund, a village board (board) must adopt budgets that include realistic estimates for revenues and expenses, receive timely and accurate financial information and monitor the budget and finances throughout the year.

A board should ensure the treasurer maintains complete, accurate and up-to-date financial records and provides the board and other officials with interim financial reports so they can properly oversee electric fund finances. For example, interim reports should include the electric fund's current financial position, results of operations, budget status and available cash balances. An annual financial report must be filed with the Office of the New York State Comptroller (OSC) within 90 days after the close of the fiscal year by the treasurer and should be provided to the board to assist with monitoring and managing the village's financial operations.<sup>1</sup>

A municipal electric utility is accounted for as an enterprise fund. As such, it is financed and operated in a manner similar to private businesses. The cost of providing services, including capital costs (such as depreciation and debt service), are recovered with fees and charges to customers rather than taxes or similar revenues.

Municipal electric utilities regulated by PSC must obtain PSC approval for the base rates charged to customers. If a board determines its pricing structure is no longer self-sustaining, it may request a rate study and rate increase. As part of a rate study, a village must submit a comprehensive filing to PSC to demonstrate the need for a rate increase.

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<sup>1</sup> The 90-day filing requirement applies to villages with populations between 5,000 and 19,999. The treasurer may request a 30-day extension from OSC.

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A village electric fund may pay the village general fund an amount equivalent to the taxes that would have been owed if the utility property was not tax exempt and may pay a fair return on the value of property used (rent). In addition, profits from a village electric fund may be used for general village purposes. However, if a village electric fund does not have a profit, its funds should not be used for general village purposes.

Also, only expenses incurred for the operation of the electric utility should be charged to the electric fund so a true cost of services can be determined. For example, if village personnel perform work that relates to multiple funds (e.g., general and electric funds), it is important to identify the associated costs (salary and benefits) and to use an allocation method that ensures each fund pays its appropriate share of the costs.

### **The Board Did Not Effectively Manage the Electric Fund’s Financial Condition**

According to the Village Code, the Commission is responsible for preparing and submitting a proposed annual budget for the electric fund to the Board by March 31 of each year for its review. However, they have not historically done so. During our audit period, the Commission did not develop a proposed budget and the Board did not adopt a budget for the electric fund. Therefore, officials had no information or records that detailed the Commission or Board’s financial plan for each fiscal year, such as the proposed appropriations necessary to carry out the electric department’s activities and the proposed means of financing those activities. The Mayor, trustees, Commission chairperson and Clerk-Treasurer generally agreed that a budget for the electric fund should have been prepared, but they indicated they did not have an individual who was able to prepare and maintain it. Because officials did not develop budgets for the electric fund, they were unable to monitor actual revenues and expenses against budgeted amounts.

In addition, the Clerk-Treasurer did not provide the Board with accurate and timely financial information for managing electric fund finances. The trustees told us they occasionally received balance sheets and profit and loss statements, but disagreed about how frequently they were provided. For example, one trustee said that they would only get reports from the prior Treasurer if they requested them. Another said that they stopped getting reports when the prior Treasurer left and only began getting them from the Clerk-Treasurer after our audit commenced. However, the Clerk-Treasurer did not maintain a record of what reports were submitted to the Board each month. Furthermore, the value of these reports was diminished because the accounting records were not up to date.

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...[T]he Board did not adopt a budget for the electric fund.

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When the Clerk-Treasurer assumed responsibility for maintaining the electric fund finances in January 2022, he fell behind in maintaining the accounting records. For example, routine accounting entries were not made, including the recording of:

- Electric billing revenues,
- Accrued interest,
- Depreciation,
- Bank fees, and
- Various other expenses.

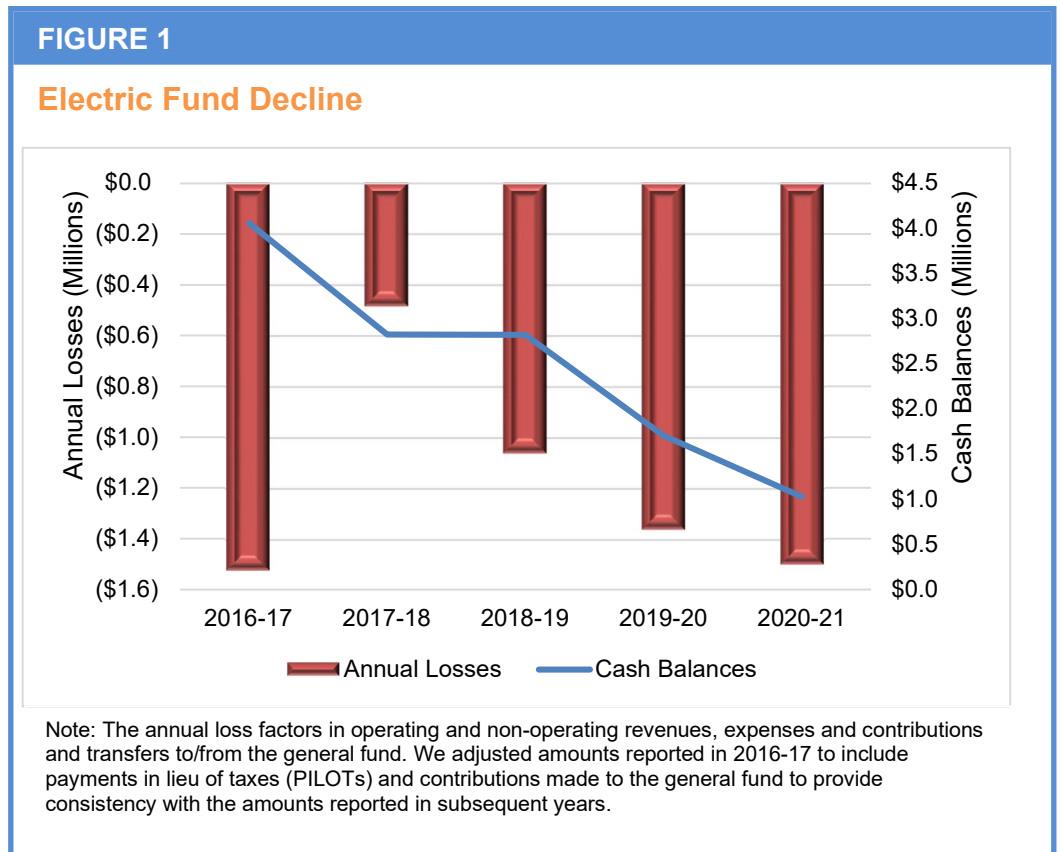
The Village contracted with an accounting firm to assist the Clerk-Treasurer with making the necessary accounting entries to update the records and assist with maintaining the records. The Clerk-Treasurer told us that he and the firm focused on updating the general fund before working on the electric fund. Although the accounting firm made progress in updating the records for the 2021-22 fiscal year, the records were not complete as of March 2023, approximately ten months after the fiscal year ended. As a result, the Village's accounting records for the 2021-22 fiscal year were not closed and the Village's 2021-22 annual financial report was not provided to the Board or submitted to OSC.

Based on our review of the Village's annual financial reports and audited financial statements for the 2016-17 through 2020-21 fiscal years, the financial position of the electric fund has experienced a steady decline. Overall, the electric fund's total net assets declined about 50 percent, from \$18 million at the start of the 2016-17 fiscal year to \$8.9 million at the end of 2020-21. However, \$14.1 million of net assets at the end of 2020-21 was composed of capital assets net of depreciation and related debt (e.g., land improvements, electric poles, towers, conductors, equipment, etc.). The unrestricted portion of net assets had a deficit of \$5.2 million.

The decline in the electric fund's net position occurred primarily because the electric fund experienced annual losses ranging from \$500,000 to \$1.5 million over the five-year period (Figure 1). At the same time, the electric fund's cash balance declined approximately 75 percent, from \$4.1 million to \$1 million. The Clerk-Treasurer told us that the final results for the 2021-22 fiscal year were not known because they still have more activity to record.

The electric fund has experienced cash flow constraints due to its declining financial condition. The former Treasurer and current Clerk-Treasurer did not prepare formal cash flow forecasts to monitor and estimate available cash balances. However, they told us they waited until some of the industrial customer payments were received before paying the electricity suppliers. In August 2021, the Mayor signed and released checks including three purchased power payments totaling \$1.6 million when the former Treasurer was unavailable; however, the bank account did not have sufficient funds to cover the payments. This caused the

bank account to have a temporary negative balance of approximately \$17,000. While the bank allowed the checks to clear and the negative balance was corrected with deposits the following day, this demonstrates the precarious cash position of the electric fund and the need for the Board and officials to receive up-to-date financial information to carefully monitor electric fund finances.



Electric fund revenues (primarily fees charged to customers) have not kept pace with rising costs because base utility rates remained static. In addition, certain payments were made from the electric fund to the general fund each year with limited documentation to support the payments and cost allocation, and certain general fund expenditures were improperly charged to the electric fund. This increased the electric fund's costs of operations, which contributed to its financial decline. Although the electric fund has not earned a profit in recent years, the Board and officials continued to make annual contributions from the electric fund to the general fund to help subsidize general fund operations.

Rate Study Was Not Performed – The electric department has not conducted a rate study since 2008. As a result, base rates charged to customers have not increased in more than 14 years. During this same period, purchased power, labor, supplies, equipment and other costs have increased, but the revenues generated have not been sufficient to cover the increasing expenses. The Village can recover incremental costs of purchased power on a dollar-for-dollar basis in the form of Purchased Power Adjustment Costs (PPAC) on customer bills. However, PPAC does not cover other increased costs.

Although the electric fund has not earned a profit in recent years, the Board and officials continued to make annual contributions from the electric fund to the general fund to help subsidize general fund operations.

Although the Commission recommended and the Board approved a rate study in July 2015, a rate study was not subsequently performed. The Mayor and two of the trustees told us they were unsure why the rate study was not performed. One trustee told us that there were concerns that some of the expenses allocated to the electric fund needed to be reviewed and corrected prior to initiating a rate study. Two trustees mentioned that the Village did not have an individual who was knowledgeable about how to prepare the necessary documentation for the rate study.

Payments to the General Fund Were Excessive and Unsupported – The electric fund paid the general fund about \$1 million annually, or nearly \$5 million from the 2016-17 through the 2020-21 fiscal years for payments in lieu of taxes (PILOT), contributions and rent (Figure 2).

**Figure 2: Payments from the Electric Fund to the General Fund**

	2016-17	2017-18	2018-19	2019-20	2020-21	Total
PILOT	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$1,800,000
Annual Contribution	324,000	324,000	324,000	324,000	300,000	1,596,000
Rent	300,000	300,000	324,000	324,000	324,000	1,572,000
<b>Total</b>	<b>\$984,000</b>	<b>\$984,000</b>	<b>\$1,008,000</b>	<b>\$1,008,000</b>	<b>\$984,000</b>	<b>\$4,968,000</b>

While some of these payments were permissible, we question certain components that make up those payments. Furthermore, because the electric fund incurred annual losses in recent years and its cash position declined, we question whether the fund will have sufficient resources to continue making these payments to the general fund.

The electric fund paid the general fund a \$360,000 PILOT annually. An electric fund may provide a PILOT to the general fund in the amount of the utility property taxes that would be paid if the property was not tax exempt. However, officials were unable to provide documentation showing how the PILOT was calculated and the Clerk-Treasurer was unaware of how the PILOT amount was determined.

The electric fund also paid annual contributions to the general fund of \$324,000 from 2016-17 through 2019-20 and \$300,000 in 2020-21. While profits from the electric fund may be transferred to the general fund and used for general Village purposes, the electric fund experienced losses rather than profits each year during this period. Therefore, we question the appropriateness of these payments. The Clerk-Treasurer was unable to explain how the annual contribution was calculated. The Board annually budgeted the annual contribution as a revenue (transfer) in the general fund; however, there was no indication electric fund financial results were reviewed to determine whether the fund was generating profits prior to making the budgeted transfers.



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Lastly, the electric fund made monthly payments to the general fund for rent totaling \$300,000 to \$324,000 annually. The Clerk-Treasurer did not know how the amount was determined. He provided a folder with various documents, but these documents did not clearly detail the basis for the payments made to the general fund. One document included amounts for a “current allocation” of \$324,000 and a “proper allocation” of \$97,165, for a difference of \$226,835. This suggests there was uncertainty over how much rent should be paid, but the allocation was not reduced and there was insufficient documentation to show the basis for either amount.

Also, the “current allocation” shows that the \$324,000 was composed of \$108,800 for general rent expenses, \$104,900 for executive costs, \$54,500 for collecting costs and \$55,800 for miscellaneous expenses. This suggests the payments to the general fund were not only for rent. However, there was nothing to show how the \$108,800 rent portion was determined (e.g., square footage of space used for the electric department) and what made up the other costs that were charged to the general fund.

Officials should evaluate amounts paid from the electric fund to the general fund and ensure they are appropriate and properly supported. To the extent these payments are reduced, officials should evaluate the impact it will have on the general fund and adjust the general fund budget accordingly.

Electric Fund Paid General Fund Costs – We reviewed a sample of electric fund payments made from June 1, 2020 through March 17, 2022 to determine whether the expenses were appropriately charged to the electric fund.<sup>2</sup> Out of 131 payments totaling \$167,231, we found that 49 payments totaling \$49,048 (29 percent) were inappropriately charged to the electric fund. About two-thirds of this amount (\$32,500) was for computer network services paid monthly for the Village hall, highway, police and electric departments. The electric fund paid the full cost of the service (\$65,000), but the Clerk-Treasurer told us it should have been allocated evenly between the general and electric funds. The Clerk-Treasurer indicated that he planned to correct the allocations going forward, which we confirmed was done for the April 2022 payment. The other payments included Village hall and police department supplies and highway vehicle maintenance. While it can be appropriate to share certain costs among different funds, Village officials should have a reasonable basis for allocating the costs. The electric fund should not be incurring charges for goods and services that it has not utilized.

We also analyzed journal entries that allocated payroll and other expenses to the electric fund and found inadequate support for some of the allocated costs. We tested journal entries that recorded expenses totaling \$390,004 in the electric

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<sup>2</sup> See Appendix B for sampling methodology.

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fund in March 2021 and reviewed available supporting documentation. We found \$5,657 in health insurance costs that were improperly charged to the electric fund due to a recording error and \$27,764 in payroll-related expenses for four employees that were disproportionately charged to the electric fund.

The electric fund paid \$16,079 for the four employees' salaries and wages for the month. This amount included 100 percent of the wages for two clerks and about 83 percent of the Village Clerk's<sup>3</sup> salary and a mechanic's wages. In addition, the electric fund paid the full cost of the monthly health insurance for these four employees totaling \$11,685. The two clerks' primary responsibilities included processing accounts payable and handling tasks related to the highway department, both of which involved substantial general fund activities. Similarly, the Village Clerk and mechanic duties included work that related to both the general and electric funds. Village officials did not track these employees' actual time worked between general and electric fund activities and did not document how they determined the cost allocations between the funds.

The Clerk-Treasurer was unable to explain why general fund activities were improperly charged directly to or allocated to the electric fund expenses. He said that the cost allocations were in place at the time he took over the Treasurer duties of the electric fund. When general fund costs are inappropriately charged to the electric fund and there is no clear basis for cost allocations between the funds, the true costs of electric fund services are not transparent and customers may be inequitably charged for costs that do not apply to utility operations.

### **How Should a Village Board and Officials Monitor the Budget?**

The annual budget is a financial plan for village operations. The appropriations in the budget represent choices by the board as to the allocation of village resources for specific purposes and establish spending limits for those various purposes. After the budget has been enacted, it is the mutual responsibility of the board, clerk-treasurer, mayor and department heads to ensure that sufficient resources are available and needed services are provided within the budget parameters.

The clerk-treasurer should prepare and provide monthly reports showing year-to-date revenues and expenditures compared to budget estimates (budget status reports) so the board, officials and department heads can monitor the budget throughout the fiscal year. Department heads should closely monitor the available appropriations for their operational areas and not commit to making a purchase unless an adequate amount has been appropriated in the budget for that purpose.

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<sup>3</sup> The Village Clerk serves as the records management officer. The other clerks perform various job duties as assigned.

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If budgetary appropriations are projected to be insufficient, the board should take timely action to pass a resolution to modify the budget or it may restrict additional expenditures in that budget area as appropriate. The board may modify the budget to increase appropriations during the year by transferring from the unexpended balances of other appropriation accounts or by appropriating additional fund balance or unanticipated revenues to the extent funds are available.

### **The Board and Officials Did Not Adequately Monitor the General Fund Budget**

The Clerk-Treasurer did not prepare and provide budget status reports to the Board to enable the Board to monitor actual revenues and expenditures against the budgeted amounts for the general fund. Consequently, appropriations were overspent and budget modifications were not made as needed. The former Treasurer discussed the need for budget adjustments with the Board and the Board routinely approved budget modifications throughout the 2020-21 fiscal year, but this was not the case for the following year. The Clerk-Treasurer told us that due to the transition of treasurers, it was their mistake not to provide budget status reports or make regular budget modifications during the 2021-22 fiscal year. The Clerk-Treasurer began providing these reports to the Board and more frequent budget modifications were made in the 2022-23 fiscal year.

While the Board modified the budget in July 2021 to provide an additional \$125,000 in appropriations for pool repairs, it did not make any other budget modifications until May 2022, the last month of the fiscal year. As of April 29, 2022, 31 of 78 general fund appropriation accounts (40 percent) were over expended by nearly \$1.2 million. Many of these accounts had been over expended for several months and some were over expended as far back as July and August of 2021. The Clerk-Treasurer and/or department heads should have requested budget modifications before spending additional funds. Furthermore, the Board and Mayor should have monitored the budget and not allowed appropriation accounts to be overspent.

According to the tentative records as of January 2023, the 2021-22 fiscal year expenditures totaled \$7.3 million, which was \$1.3 million higher (22 percent) than the original budget appropriations of \$6 million. The Clerk-Treasurer said there were several reasons why the Village went over budget. For example, public safety expenditures were \$395,000 over budget primarily because the Village spent \$182,000 more on equipment (police cars) and \$120,000 more on police wages than budgeted. Street maintenance expenditures were over budget by \$390,000 due to an unplanned purchase of a backhoe and other projects. Additionally, local pool expenditures were over budget by about \$181,000 largely due to unforeseen pool repairs. Fortunately, revenues were also significantly

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...[T]he Board and Mayor should have monitored the budget and not allowed appropriation accounts to be overspent.

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higher than budget estimates. Unanticipated revenues included \$775,000 from the sale of a cell tower and \$320,000 received in Federal aid from the American Rescue Plan Act.

Because the Village overspent the 2021-22 budget, the general fund incurred an unplanned operating deficit (expenditures exceeded revenues) of \$103,000 and it ended the fiscal year with approximately \$1.6 million of fund balance (according to the tentative records). While this amount of fund balance is reasonable, officials should diligently monitor the general fund's operating results and financial condition and not spend more than the available appropriations. Given the declining financial condition of the electric fund and the general fund's reliance on revenues from the electric fund, it is important for the Board and officials to closely monitor the general fund budget and adjust it as necessary to prevent future unplanned operating deficits.

### **Why Should the Board and Officials Develop and Adopt Written Multiyear Plans?**

An important oversight responsibility of a board and officials is to plan for the future by setting adequate long-term priorities and goals. Effective multiyear plans project operating and capital needs and financing sources over a three- to five-year period. Planning on a multiyear basis allows a board and officials to identify developing revenues and expenditures or expense trends, set long-term priorities and goals and consider the impact of current budgeting decisions on future years. It also allows a board and officials to assess the impact of cash flows and address any financial issues identified. The board and officials should monitor and update multiyear written financial plans on an ongoing basis to ensure that their decisions are guided by the most accurate information available.

An effective long-term financial plan should provide recurring revenues and user charges that are sufficient to finance recurring expenditures and electric fund expenses. This will help a board and officials predict when a rate study is necessary and how the general fund may be affected. In addition, a written capital plan identifying capital needs, including time schedules and methods of financing each improvement or capital expenditure, would aid a board and officials with assessing the impact future expenditures will have on subsequent years' operating budgets.

### **The Board and Officials Did Not Develop and Adopt Written Multiyear Plans**

The Board and officials did not develop written multiyear financial and capital plans to address the Village's long-term operational and capital needs. These plans would be useful in addressing the declining financial condition of the

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electric fund, while positioning the general fund to be able to maintain a healthy fund balance going forward. The plans could outline the Board's intentions and methods of maintaining reasonable levels of electric fund net assets and general fund balance. The plans should become a part of the Village's budgeting process, and the annual budget should take the current portion of the long-term plans into consideration.

The Treasurer and two trustees generally agreed that it would be prudent to have multiyear plans. However, the Treasurer acknowledged that they have not devoted sufficient time or resources to developing these plans.

### **What Do We Recommend?**

The Board and Commission should:

1. Develop and adopt an annual budget for the electric fund that includes realistic estimates for revenues and expenses.
2. Move forward with an electric rate study with PSC.
3. Provide an annual contribution to the general fund only when the electric fund is profitable.
4. Review the PILOT and rent payments made from the electric fund to the general fund and ensure future payments are adequately supported.

The Board and Mayor should:

5. Ensure the Clerk-Treasurer provides interim financial reports to assist with monitoring and managing financial operations.
6. Ensure the Clerk-Treasurer submits timely annual financial reports to OSC and the Board.
7. Monitor budgeted and actual results on a timely basis and require budget amendments be presented for approval to prevent appropriations from being over expended.
8. Develop and adopt written multiyear financial and capital plans. These plans should be incorporated into the annual operating budgets and updated on an ongoing basis.

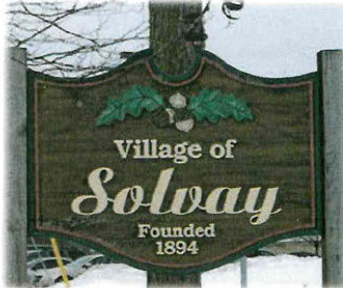
The Clerk-Treasurer should:

9. Continue to work on updating the accounting records and file the Village's 2021-22 annual financial report and file subsequent annual financial reports in a timely manner.

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10. Prepare cash flow forecasts for the electric fund and provide them to the Board and Commission for review.
  11. Ensure expenditures and expenses are charged to the appropriate fund and there is a reasonable basis for allocating payroll, benefits and other costs between funds.

# Appendix A: Response From Village Officials

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## Village of Solway

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email: dbaichi@villageofsolvay.com

Office of the Mayor  
Derek Baichi

June 30, 2023

[REDACTED]  
Office of the State Comptroller  
Division of Local Government and School Accountability  
State Office Building, Room 409  
333 East Washington Street  
Syracuse, NY 13202

RE: OSC Report of Examination 2023M-49 - Written Response Letter

[REDACTED]

The Village of Solway is in receipt of the State Comptroller's Office Draft Report of Examination for Financial Condition for the period June 1, 2016 through January 17, 2023. On behalf of the Village, I would like to thank the Comptroller's Office for the professional and courteous completion of the audit process. The Village welcomes feedback and appreciates the opportunity to improve its practices based on the reflection of your observations.

The Village acknowledges that there are improvements that need to be made regarding the budgeting and monitoring of the Electric Fund's financial condition. We are currently working to implement various changes in relation to the Electric Fund, including the completion of a rate study. At the end of fiscal 2022 and continuing into fiscal 2023, various changes were implemented regarding the General Fund, including holding regular finance meetings with the Board of Trustees to keep them informed of the financial condition of the General Fund. These meetings include review of the monthly financial statements, monitoring of expenditures in collaboration with department heads and proposal of budget transfers, as necessary.

The Village is in the process of putting together a thorough Corrective Action Plan to address the key findings and recommendations of your report. We look forward to submitting the plan for your review.

Sincerely,

Derek Baichi  
Village of Solway  
Mayor

## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Village officials (i.e., Mayor, trustees, Clerk-Treasurer, Commission chairperson) and reviewed Board meeting minutes, financial reports and relevant documentation to gain an understanding of how the Board and officials monitor the budget and manage the Village's financial condition.
- We reviewed the electric fund's financial records (journals, profit and loss statements, balance sheets and bank statements) and annual financial reports filed with OSC to determine the financial position and to review trends for the 2016-17 through 2020-21 fiscal years.
- We reviewed electric customer rates and interviewed Board trustees and other officials to determine when the last rate study was performed.
- We quantified payments from the electric fund to the general fund, reviewed available supporting documentation for those amounts and inquired of management about how the amounts were determined.
- We reviewed a sample of electric fund check payments to determine whether the amounts were supported and for appropriate electric fund activities. Our judgmental sample included 131 transactions totaling \$167,231. We selected payments for goods and services that presented a higher risk of being incorrectly charged to the electric fund. We reviewed supporting claims and interviewed the Clerk-Treasurer to assess whether the costs were properly charged to the electric fund.
- We analyzed expenses recorded by journal entries and traced March 2021 journal entries to supporting documentation to determine whether the amounts were supported and for electric fund activities. We selected a month in the middle of our audit period for testing with no expectation of higher exceptions in any particular month.
- We compared the general fund's budgeted revenues and appropriations to the actual revenues and expenditures for the 2020-21 through 2021-22 fiscal years to determine whether budgets were realistic and the Board approved necessary budget modifications. We interviewed the Clerk-Treasurer and department heads and reviewed the records to identify reasons for significant budget variances.
- We interviewed the Board and officials to determine whether the Village had any multiyear financial and/or capital plans.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan



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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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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 provided to our office within 90 days, pursuant to Section 35 of 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 the CAP available for public review in the Clerk-Treasurer's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/local-government/fiscal-monitoring](http://www.osc.state.ny.us/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/local-government/resources/planning-resources](http://www.osc.state.ny.us/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/local-government/required-reporting](http://www.osc.state.ny.us/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

## Contact

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Local Government and School Accountability Help Line: (866) 321-8503

**SYRACUSE REGIONAL OFFICE** – Rebecca Wilcox, Chief of Municipal Audits

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