



Village of Weedsport

Financial Management

2025M-76 | December 2025

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Audit Results

Village of Weedsport



Audit Objective	Audit Period
Did the Village of Weedsport (Village) Board of Trustees (Board) effectively manage fund balance?	March 1, 2022 – June 6, 2025
Understanding the Audit Area	
<p>A village's fund balance, the difference between revenues and expenditures accumulated over time, is a key measure of a village's financial condition. Fund balance should be effectively managed to ensure financial stability, maintain essential services and be transparent with taxpayers. Effective management helps protect a village from unforeseen financial risks, helps maintain a favorable credit rating, and enables long-term financial planning. The Board is responsible for managing the Village's fund balance, which includes general management and control of the Village's financial affairs.</p> <p>As of February 28, 2025, the Village's 15 reserve funds, which provide a mechanism for legally saving money for future needs, and unrestricted fund balances totaled \$3.1 million.</p>	

Audit Summary

The Board did not effectively manage the Village's fund balance. As a result, the Board was not transparent with taxpayers and residents and levied more real property taxes than necessary to fund operations. The Board also maintained unrestricted fund balance in the general and sewer funds totaling \$696,548 (44 percent of the upcoming year's budget) and \$336,015 (94 percent of the upcoming year's budget), respectively, at the end of the 2024-25 fiscal year. This unrestricted fund balance was sufficient to fund the upcoming fiscal year's budget appropriations for the general fund by almost half and for the sewer fund almost in full.

Additionally, the Board maintained insufficient unrestricted fund balance in the water fund to finance operations and appropriated more fund balance than available in the 2024-25 and 2025-26 fiscal year budgets. The Board also did not adopt an adequate written fund balance policy or develop and adopt comprehensive, written, multiyear financial or capital plans, or a reserve policy. Adequate fund balance and reserve policies and written multiyear plans would have assisted the Board and Village officials in developing and adopting realistic budgets and planning for the Village's financial future. Furthermore, the Board and Village officials were unable to demonstrate whether all reserve funding was reasonable or would be sufficient for future needs.

Without an updated written fund balance policy, balanced budgets, and multiyear financial and capital plans, it is difficult for the Board to properly manage the Village's fund balance. As a result, the Board cannot ensure it is raising only the necessary real property taxes and is financing future water and sewer needs without significantly overburdening customers.

The report includes eight recommendations that, if implemented, will improve the Village's financial management. Village officials generally agreed with our recommendations, and their response is included in Appendix B. Appendix C includes our comment on the Village's response.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC) authority as set forth in Article 3 of the New York State General Municipal Law (GML). Our methodology and standards are included in Appendix D.

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 GML. 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 Village Clerk's office.

Financial Management: Finding and Recommendations

Maintaining a reasonable amount of unrestricted fund balance within operating funds is an important financial consideration for village officials, because it is available for appropriation to reduce taxes, fund one-time expenditures and other uses. Combining a reasonable level of unrestricted fund balance with specific legally established reserve funds provides resources for both unanticipated events and other identified or planned needs, such as future infrastructure and equipment needs.

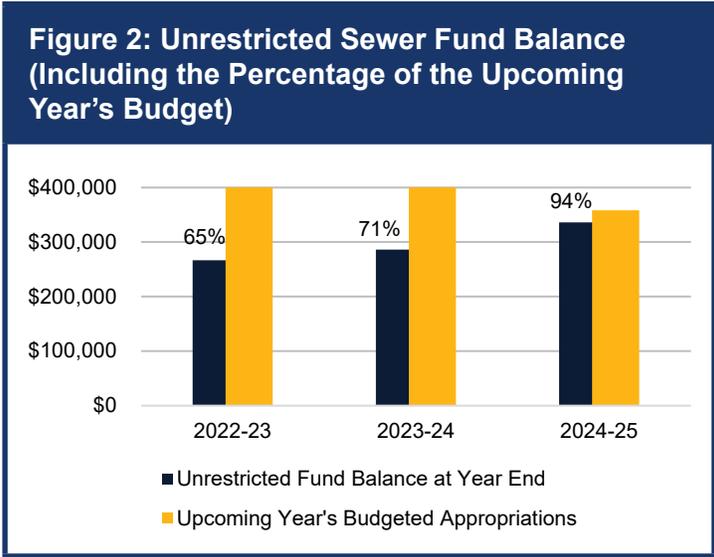
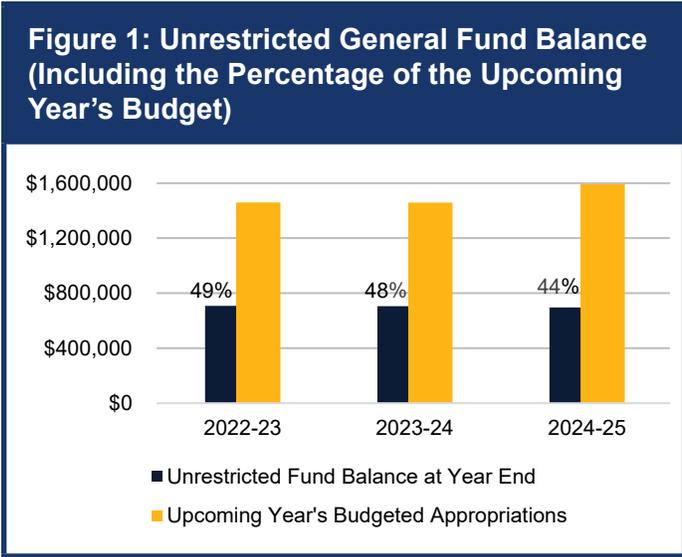
A village board is responsible for the overall management of a village's fund balance including developing realistic budgets; maintaining a reasonable level of fund balance; and adopting an adequate written fund balance policy and comprehensive, written, multiyear financial and capital plans that assist the village board in assessing long-term needs and financial management strategies. A realistic budget begins with sound estimates and well-supported budgetary assumptions based on historical data or known trends. A village board may establish reserves to restrict a reasonable portion of fund balance for a specific purpose, in compliance with statutory directives.

More details on the criteria used in this report, as well as resources/publications we make available to local officials that can help Village officials improve operations (Figure 6), are included in Appendix A.

The Village has three operating funds with the following appropriations for the 2025-26 fiscal year: general fund – \$1.59 million, water fund – \$407,888 and sewer fund – \$358,188. The general fund is funded primarily by real property taxes and sales tax revenues, while sewer rents and metered water sales fund the sewer fund and the water fund, respectively.

Finding 1 – The Board did not effectively manage fund balance.

Over the last three fiscal years, the Village's unrestricted general and sewer fund balances, the portion of fund balance available for appropriation to reduce taxes and for other uses, was a significant amount in comparison to the upcoming year's budgeted appropriations. As of February 28, 2025, unrestricted fund balance in the general and sewer funds totaled \$696,548 and \$336,015, respectively, and was sufficient to fund almost half of the general fund's upcoming fiscal year's budgeted appropriations (Figure 1) and almost fully fund the sewer fund's upcoming fiscal year's budgeted appropriations (Figure 2).

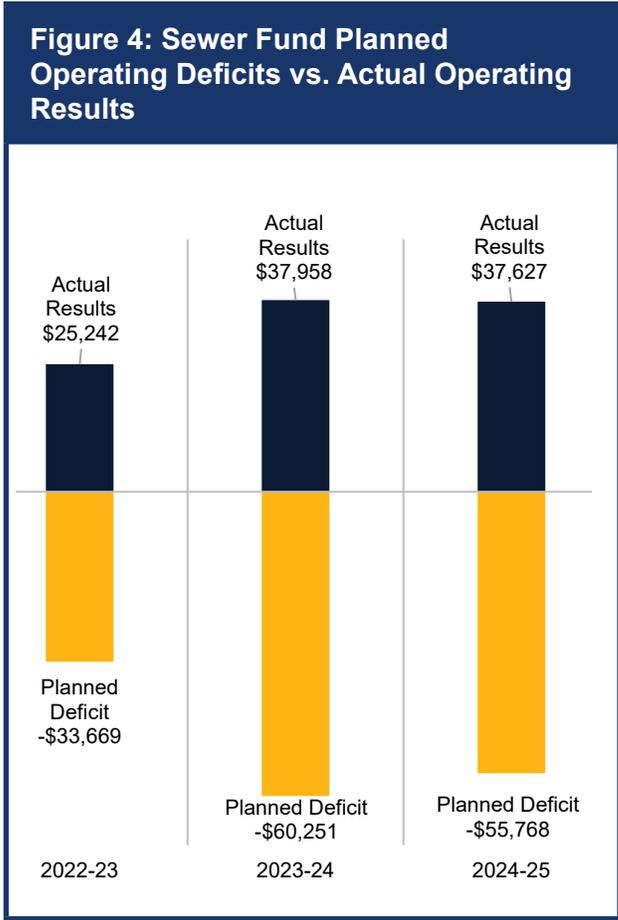
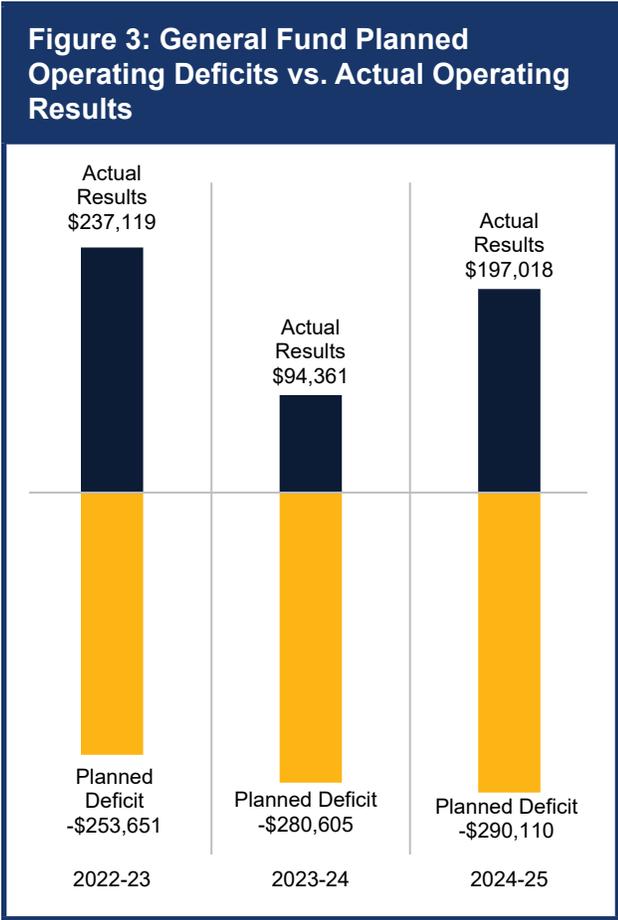


Conversely, total water fund balance declined during the last three fiscal years from \$355,279 to \$277,074 as of February 28, 2025, and unrestricted fund balance had a deficit of \$55,387.

The accumulation of, or deficiencies in, unrestricted fund balance occurred, in part, because the Board's adopted written fund balance policy did not include specific thresholds for maintaining reasonable amounts of unrestricted fund balance. Additionally, the Board did not adopt comprehensive, written, multiyear financial and capital plans. Finally, the Board did not adopt realistic, and in some instances, structurally balanced budgets.

The Board adopted budgets for the last three completed and current fiscal years that included planned operating deficits for each of the three operating funds. To finance appropriations, the Board appropriated fund balance, including nonexistent water fund balance,¹ increased the general fund tax levy each year by a total of almost 8 percent for the 2022-23 through 2024-25 fiscal years and an additional 3 percent for the 2025-26 fiscal year, and increased water rates in January 2023. However, the general and sewer funds had operating surpluses (Figures 3 and 4) because the Board underestimated general fund revenues by 21 to 26 percent and overestimated sewer fund appropriations by 10 to 18 percent. As a result, the 2024-25 general fund's year-end operating results had a budget-to-actual variance of \$487,128. Furthermore, the water fund had less-than-planned operating deficits due to the unrealistic budget estimates. The Board continued these budgeting trends for the 2025-26 fiscal year, which will likely result in similar operating results for all funds, and a further increase to fund balance in the general and sewer funds and decline in fund balance for the water fund.

¹ Although the water fund had a positive total fund balance, most of this balance was restricted in reserves, and therefore unavailable to be appropriated as a funding source in the upcoming year's budget.

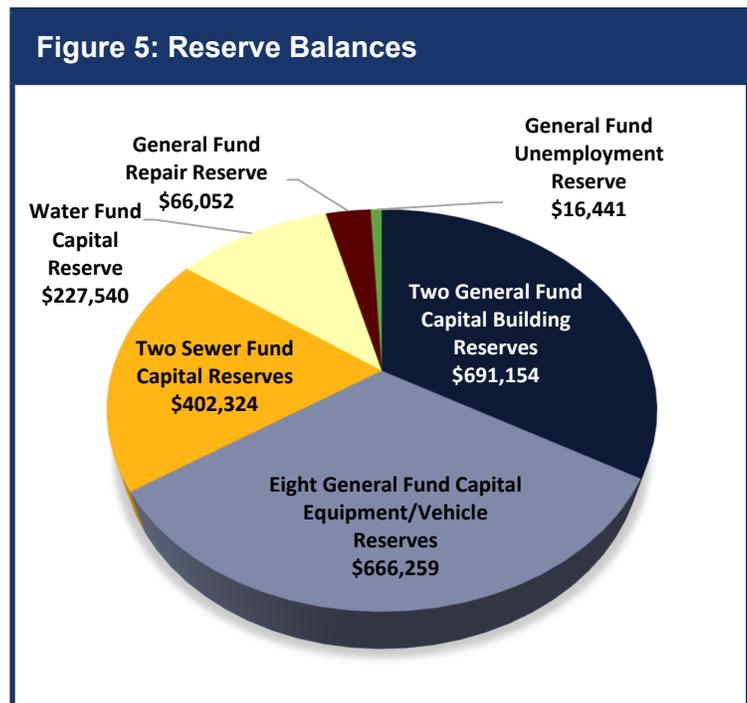


The Mayor and all four Board members told us that the Board generally budgeted conservatively for revenues and appropriations. However, the Board was not transparent with taxpayers and residents and levied more real property taxes than necessary to fund operations despite maintaining significant unrestricted fund balance in the general fund. Village officials also told us that the water rate increase was offset by an increase in the cost of water purchased. When considering the tax levy and revenues from water and sewer rates in the annual budget, the Board should increase taxes and rates based on the Village’s actual needs. The Mayor and all four Board members told us the Board discussed long-term finances and capital needs informally. However, without written long-term plans, it would be difficult for the Board to assess alternative approaches to financial issues, such as accumulating unrestricted fund balance or using fund balance to finance annual operations and provide funding for any improvements or capital projects.

Although the Board established 15 reserve funds totaling approximately \$2 million, including 10 general fund capital reserves, an unemployment reserve, repair reserve, two sewer fund capital reserves, and one water fund capital reserve, Village officials were unable to demonstrate whether all reserve

funding was reasonable or sufficient to finance future infrastructure and capital needs (Figure 5). As a result, the Mayor and Treasurer told us they did not have adequate funds for the approximately \$20 million planned water project and will need to issue approximately \$13 million in debt that the Village's engineer estimates will cost customers approximately \$450 annually per equivalent dwelling unit.

Without adequate written fund balance and reserve policies; realistic, structurally balanced budgets; comprehensive, written, multiyear financial and capital plans; funding and using established reserves, it is difficult for the Board to properly manage the Village's fund balance to help ensure real property taxes are not more than necessary and future water and sewer needs are financed without significantly overburdening customers.



Recommendations

The Board should:

1. Discontinue appropriating fund balance that is not needed or used to fund operations and ensure that adequate fund balance is available when appropriating fund balance.
2. Develop a plan to reduce unrestricted fund balance in a manner that benefits Village taxpayers. For example, unrestricted fund balance can be used to:
 - Fund needed reserves,
 - Reduce real property taxes, and
 - Fund one-time expenditures, such as capital improvements.
3. Develop a written plan to address the insufficient unrestricted fund balance in the water fund.
4. Amend the written fund balance policy to specify the reasonable amount of unrestricted fund balance to maintain for each fund.

-
5. Develop, adopt and periodically update comprehensive, written, multiyear financial and capital plans that set the goals and objectives for long-term operating and capital needs.
 6. Develop and adopt budgets that include reasonable estimates for revenues and appropriations.
 7. Develop and adopt a written reserve policy, including guidance on optimal funding levels and plans for funding and use.
 8. Review all reserve fund balances to determine whether they are reasonable or sufficient and develop a written plan to reduce, in compliance with applicable laws, or increase reserve balances as necessary.

Appendix A: Profile, Criteria and Resources

Profile

The Village is located in the Town of Brutus in Cayuga County. The elected five-member Board includes the Village Mayor and four Board members. The Board is responsible for adopting the annual budget and multiyear financial and capital plans and establishing financial policies, such as those for fund balance and reserves. The Treasurer is the chief fiscal officer and budget officer.

Criteria – Financial Management

To properly manage fund balance, a village board should adopt a written fund balance policy that addresses the amount of unrestricted fund balance maintained in each fund from year to year. Combining a reasonable level of unrestricted fund balance with specific legally established reserve funds provide resources for both unanticipated events and other identified or planned needs, such as future infrastructure and equipment needs. In addition, a village board should adopt comprehensive, written, multiyear financial and capital plans that assess long-term needs and alternative approaches to financial issues. A comprehensive, written, multiyear financial plan projects revenues and expenditures for several years in the future to illustrate what will happen to the village's ability to pay for and provide services. Comprehensive, written, multiyear capital plans should have a clear mission to maintain and improve a village's capital assets over time.

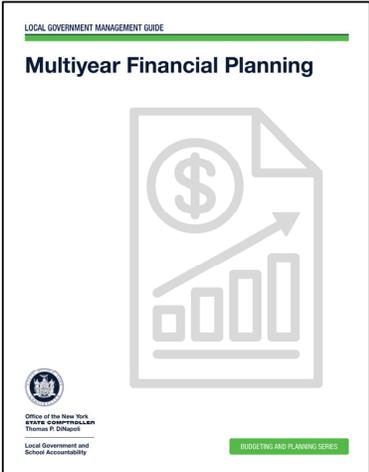
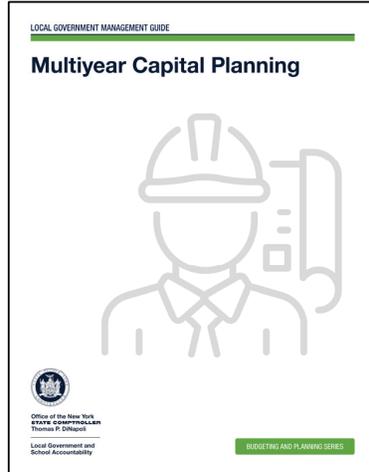
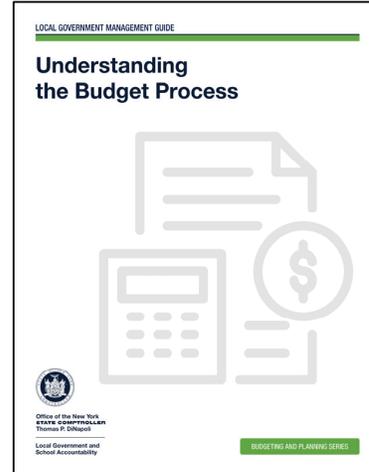
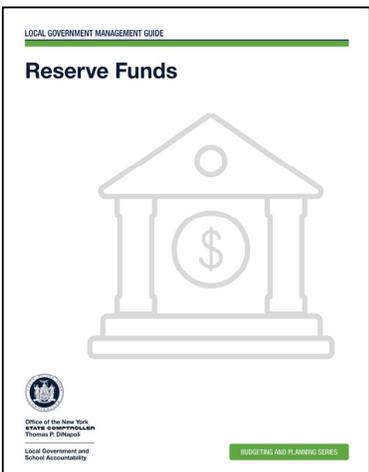
A village board should use these policies and plans as guidelines to develop and adopt reasonably estimated and structurally balanced budgets based on historical trends and other known factors, in which recurring revenues finance recurring expenditures.

A village board that is planning to establish and finance reserve funds on a regular basis should develop a written policy that communicates to taxpayers why the money is being set aside, the village board's financial objectives for the reserves, optimal funding levels, and conditions under which the assets will be used. A village board should also periodically determine whether the amounts accumulated in the reserves are reasonable.

Additional Financial Management Resources

Figure 6: OSC Publications

OSC *Local Government Management Guides* and other informational resources are available on our website to help officials understand and perform their responsibilities.

Multiyear Financial Planning	Multiyear Capital Planning	Understanding the Budget Process
 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Multiyear Financial Planning</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>BUDGETING AND PLANNING SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Multiyear Capital Planning</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>BUDGETING AND PLANNING SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Understanding the Budget Process</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>BUDGETING AND PLANNING SERIES</p>
<p>https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-financial-planning.pdf</p>	<p>https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-capital-planning.pdf</p>	<p>https://www.osc.ny.gov/files/local-government/publications/pdf/understanding-the-budget-process.pdf</p>
<p>Reserve Funds</p>  <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Reserve Funds</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>BUDGETING AND PLANNING SERIES</p> <p>https://www.osc.ny.gov/files/local-government/publications/pdf/reserve-funds.pdf</p>		

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From Village Officials



Village of Weedsport

8892 South Street, Box 190
Weedsport, New York 13166
(315) 834-6634
Fax (315) 834-9110
Website: villageofweedsport.org

December 4, 2025

Office Of the State Comptroller
16 West Main Street
Rochester, NY 14614

RE: Response to Preliminary Draft Findings

To Whom This May Concern,

Thank you for the opportunity to review and respond to the Draft Audit Findings for the Village of Weedsport. We appreciate your professionalism and cooperation of your audit team throughout the review process.

Our board is in agreeance with the findings and working on a multi-year plan and updated fund balance policy recommended by your office. Understanding and managing our fund balances is a top priority. We, on the board along with the Village treasurer, have already started the process of properly allocating the unrestricted fund balance. We value the Comptroller's assistance in better understanding the correct methodology in order to create and manage reserves effectively. We look forward to creating an effective policy that will mitigate the Comptroller's concerns. The Village's multi-year financial plan and capital plans are in their beginning stages. If you had a list of nearby communities of similar size that have multi-year financial plans and capital plans that you could share with us, we would appreciate it. An exemplar would be highly beneficial in the process of implementing your recommendations so that we can use our time effectively.

See
Note 1
Page 11

We are committed to maintaining internal controls, compliance, and continuous improvement in our financial and operational practices. We value the recommendations and will use them to strengthen our processes.

Thank you again for your time and patience during this audit.

Sincerely,

Chad Platten
Mayor
Village of Weedsport

Appendix C: OSC Comment on the Village's Response

Note 1

The report includes the OSC publications *Multiyear Financial Planning* and *Multiyear Capital Planning*, which are intended to help officials develop effective plans. To make the process of multiyear planning easier, OSC developed a template (referred to in the *Multiyear Financial Planning* publication) to provide a basic structure for those creating a plan for the first time.

Appendix D: Audit Methodology and Standards

We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed Village officials and reviewed Board meeting minutes and the fund balance policy to gain an understanding of the Village's financial management processes, including budgeting, fund balance maintenance, multiyear capital and financial planning, and reserve funding and use.
- We reviewed available budget documents and interviewed Village officials to determine whether fund balance estimates were included in the preliminary budget. We also compared the estimates with the appropriated fund balance in the adopted budgets to determine whether the Board appropriated more fund balance than it estimated would be available.
- We analyzed the 2022-23 through 2024-25 fiscal year-end unrestricted fund balance for the general, sewer and water funds, and calculated unrestricted fund balance as a percentage of the upcoming fiscal year's budget to determine whether unrestricted fund balance was reasonable. We calculated the appropriated fund balance as a percentage of the upcoming year's appropriations to determine the additional amount that would be available based on appropriated fund balance being consistently unused. We evaluated any factors contributing to changes in fund balance, including real property tax levy increases and water and sewer rate increases.
- For the 2022-23 through 2024-25 fiscal years, we compared budget estimates to actual results to determine whether budgets were reasonable. We also reviewed the 2025-26 fiscal year adopted budget to determine whether the estimates were consistent with prior years' estimates.
- We determined whether the Village had operating surpluses or deficits and compared the operating results to the appropriated fund balance to determine whether appropriated fund balance was used as budgeted.
- We reviewed reserve funds to determine whether the balances, as of February 28, 2025, were reasonable or sufficient based on historical use or planned future needs and through discussions with Village officials.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

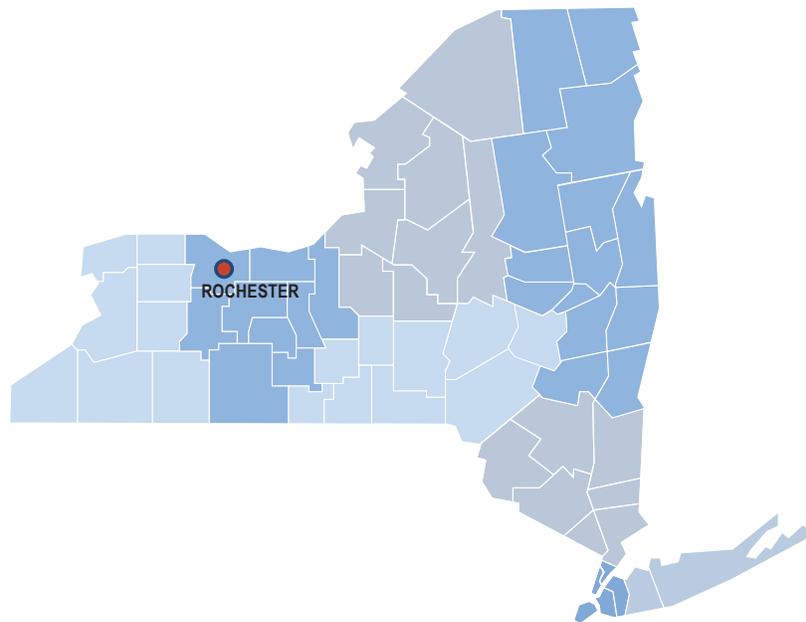
Contact

ROCHESTER REGIONAL OFFICE – Stephanie Howes, Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

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