

Town of Wethersfield

Capital Project

2025M-46 | August 2025

Contents

Audit Results 1

Audit Summary 1

Capital Project Findings and Recommendations 3

 Finding 1 – The Board did not develop and adopt a written multiyear capital plan. . . . 3

 Recommendations 4

 Finding 2 – The Board did not develop a project budget for the Department
 building capital project. 4

 Recommendations 5

 Finding 3 – The Board did not properly establish a capital reserve fund. 5

 Recommendations 6

Appendix A: Profile, Criteria and Resources. 7

Appendix B: Additional Information 9

Appendix C: Response From Town Officials. 10

Appendix D: OSC Comment on the Town’s Response 13

Appendix E: Audit Methodology and Standards. 14

Audit Results

Town of Wethersfield



Audit Objective	Audit Period
Did the Town of Wethersfield (Town) Board (Board) properly plan for and manage the Highway Department (Department) building capital project?	January 1, 2020 – March 5, 2025 We extended our audit period to November 1, 2007 to review Board meeting minutes related to the capital project.
Understanding the Audit Area	
<p>The Board is responsible for the oversight and management of capital projects, including ensuring they are properly planned and managed. Local governments, including towns, undertake capital projects to acquire, develop, improve or maintain various facilities, other infrastructure and/or equipment. These projects are generally large in scale, require large sums of money and are long-term.</p> <p>In May 2017, the Board acknowledged the need for a capital project for a new Department building, including a road salt storage shed (salt shed). From January 1, 2020 through March 5, 2025, the Board approved expenditures totaling approximately \$243,500 for this project, including the purchase of approximately 25 acres of land.</p>	

Audit Summary

The Board did not properly plan for or manage the Department building capital project. Specifically, the Board did not:

- Develop and adopt a written multiyear capital plan.
- Create and follow a capital project budget.

Because the Board did not properly plan for or manage the Department building capital project, the Board spent approximately \$243,500 of Town funds to purchase property and goods and services that may not be used. The property that was purchased more than five years ago remains undeveloped and officials have no formal plans for development. Although officials paid \$85,000 about two years ago for precast concrete wall blocks, officials have not scheduled a delivery date for the wall blocks and owe an additional \$37,000 once delivered.

In addition, the Board improperly established a \$1 million reserve fund in the Town's general fund. Although the Town Attorney notified the Board in October 2023 that the Board did not properly establish a capital reserve fund, the Board did not take appropriate action to remedy the situation.

The report includes seven recommendations that, if implemented, will improve the Town's capital project planning and management procedures. Town officials disagreed with certain aspects of our findings but indicated that they planned to initiate corrective action. Appendix D includes our comment on issues raised in the Town's response.

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 (GML). Our methodology and standards are included in Appendix E.

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 the New York State 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 Town Clerk's office.

Capital Project Findings and Recommendations

A town board (board) is responsible for the oversight and management of capital projects, including ensuring that projects are properly planned and managed. A written multiyear capital plan is essential for proper project planning and management. A multiyear capital plan helps a board understand the project's overall scope, including its timeline, estimated costs and potential funding sources. To understand the estimated costs of a capital project and to guard against wasteful spending, each project needs a budget. Reserve funds allow the board to save money to finance all or part of identified capital improvement project needs, but they must be established and used properly. More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

The Board did not properly plan for or manage the Department building capital project.

Finding 1 – The Board did not develop and adopt a written multiyear capital plan.

The Board did not develop and adopt a written multiyear capital plan that would have identified critical capital projects before they were needed and allowed the Board time to properly plan projects and transparently communicate them to Town residents and taxpayers. Board meeting minutes from May 2017 acknowledged the need for a new Department building, including a salt shed. In January 2020, the Board approved spending approximately \$120,000 to complete the purchase of approximately 25 acres of land within the Town for a new Department facility. Although the Board completed the property purchase, it did not develop a formalized plan for the property's development. More concerning, the Board did not publicly disclose the purchase of this property until November 2020, about 11 months after the purchase.

The Town Supervisor (Supervisor) and two Board members told us that significant turnover of Board members prevented the Board from developing a written multiyear capital plan and transparently reporting the project. However, we question this explanation, as three of the five Board members during our audit, including the Supervisor, served on the Board when it purchased the property in 2020. In addition, discussions with these three Board members disclosed that they did not understand what proper and transparent capital planning entailed or that a written multiyear capital plan should have been prepared. Furthermore, the Board did not seek training or review publications to gain an understanding of proper capital project planning. One of these Board members told us that, in hindsight, the Board should have been more transparent with taxpayers regarding the capital project. During our audit, we provided various publications to Board members, including our Local Government Management Guide titled *Multiyear Capital Planning* (Figure 1).

Had the Board developed and adopted a written multiyear capital plan, the plan, and the process of creating it, would have helped to ensure the Board properly planned and transparently communicated the project to Town residents and taxpayers, and the Board may have avoided committing a significant amount of Town funds for a property that, more than five years later, remained undeveloped with no plans for future use. Additionally, a multiyear capital plan may have helped the Board properly plan for

and prioritize building maintenance to avoid having to remove the current salt shed from the Town's insurance policy in 2022 due to the poor condition of the facility (see Appendix B). A risk management representative from the insurance group that provided coverage to the Town performed an inspection of the salt shed and reported structural concerns to the Board in March 2022 and recommended a structural engineer review the salt shed and provide the Town with repair solutions. According to the April 2022 Board meeting minutes, the Board determined that having a structural engineer evaluate the salt shed and completing potential recommended repairs to the shed would have been cost-prohibitive. Therefore, the Board decided to remove the salt shed from the insurance policy stating the Town would be building a new salt shed within the next year. However, as of the end of fieldwork on March 5, 2025, the old salt shed was not replaced and no repairs had been performed to address the structural concerns made by the risk management representative. Instead, over the three-year period, officials continued to use the salt shed.

Recommendations

1. The Board should develop and adopt a written multiyear capital plan to help ensure that essential capital projects are identified, planned for and transparently communicated to Town residents and taxpayers.
2. Board members should seek training in proper capital project planning, including the use of a multiyear capital plan.
3. The Board should hold formalized discussions concerning the undeveloped property purchased and need for a Department facility, and develop and communicate a plan for moving forward.

Finding 2 – The Board did not develop a project budget for the Department building capital project.

The Board did not develop a project budget for the expected lifespan of the Department building capital project to understand the estimated costs, guard against wasteful spending and provide a transparent mechanism that communicated estimated project costs to Town residents and taxpayers. Instead, Board members used a “pay-as-you-go” approach without a defined sense of the project's expected expenditures. The Board, in addition to purchasing the property for \$120,000 (see Finding 1), approved and paid expenditures for the project totaling approximately \$123,500, as follows:

- In May 2020, the Board approved and paid \$2,500 for architectural plans.
- In October, November and December 2020, the Board approved and paid for over 4,000 tons of gravel, totaling approximately \$36,000, for the initial development of the project site.

-
- In June 2023, the Board approved and made an \$85,000 payment for precast concrete wall blocks for the salt shed. As of March 5, 2025, the Board had no formal plans for the delivery or use of the wall blocks and a balance due upon delivery totaling approximately \$37,000.

According to the Supervisor and two Board members, the Board did not establish a timeline for having the precast concrete wall blocks delivered because the Board had not decided the building's location. The Supervisor told us that significant turnover among Board members since the property was purchased had caused indecision and project delays. However, we question this explanation because four of the five Board members who approved the property purchase were still on the Board when it authorized the purchase of the wall blocks, and three Board members, including the Supervisor, were on the Board as of March 5, 2025.

Because the Board did not create a project budget that identified potential costs and transparently communicate them to Town residents and taxpayers, the Board may have wasted approximately \$123,500 of Town funds. According to the Supervisor, as of March 5, 2025, the Board still lacked a clear plan for the Department building capital project. Board members have discussed the potential sale of the property with the Town Attorney, but no discussions have been documented regarding the recoupment or use of the approximately \$123,500 already spent on goods and services for the project.

Recommendations

4. The Board should develop a comprehensive project budget for the expected lifespan of the Department building capital project to help ensure it understands the estimated costs, guards against wasteful spending and transparently communicates its intentions for the project with Town residents and taxpayers.
5. The Board, if it decides not to move forward with the project, should work with the Highway Superintendent to determine what can be done with the materials already purchased, and consult with the Town Attorney to determine whether any paid or unpaid balances can be recouped.

Finding 3 – The Board did not properly establish a capital reserve fund.

The Board did not properly establish a capital reserve fund to account for funds set aside to help finance the Department building capital project. Board meeting minutes from November 2007 noted a discussion “that \$100,000 should be put in a GF (general fund) Fund Building Fund.” The Board meeting minutes suggests the Board’s intent was to establish a “type” capital improvement reserve because a specific purpose or improvement was not identified. However, the Board did not pass a formal resolution that properly authorized and established the capital reserve. In addition, the

Supervisor's January 2025 monthly financial report to the Board included the capital reserve fund with a balance of approximately \$1 million. However, the capital reserve was not properly reported in the annual financial reports that the Supervisor filed with our office. Instead, the approximate \$1 million was reported as unrestricted fund balance.

Board members were aware that the general fund building fund had not been properly established as a capital reserve. For example, in October 2023, the Board received a written opinion from the Town Attorney acknowledging that the general fund building fund had not been properly established as a capital reserve fund. As such, the Town's attorney provided the Board with guidance on how to correctly establish reserve funds. As of March 5, 2025, the Board had not acted to correctly establish the reserve fund. Two Board members told us that the Board delayed acting because it was unsure whether it wanted to restrict the funds. However, given the Board's regular pattern of funding the account and evidence in the Town's 2020 budget of an intention to use the account to help offset the cost of the Town's Department building capital project, in our view, the account is a "de facto" capital reserve fund. As such, the approximate \$1 million in the account should be used in accordance with GML Section 6-c with respect to the expenditure of capital reserve funds.

Because the Board did properly establish the capital reserve fund, the approximate \$1 million reported by the Supervisor as of January 31, 2025 was at risk of being used by current and/or future Boards for purposes other than capital projects.

Recommendations

6. The Board should take action to formally establish the "type" capital improvement reserve by adopting a resolution creating the capital reserve fund.
7. The Supervisor should properly report the capital reserve fund on the Town's annual financial report to our office.

Appendix A: Profile, Criteria and Resources

Profile

The Town, located in Wyoming County, is governed by the elected five-member Board composed of the Supervisor and four Board members. The Board is responsible for the general management and oversight of Town operations and financial affairs, including proper planning and management of capital projects. The elected Highway Superintendent is responsible for overseeing Department operations, including the general maintenance and repair of the Department building facility.

Three Board members have been serving the Town since the capital project costs were initially approved. The Supervisor, originally appointed as a member of the Board in January 2020, became Supervisor in January 2024. The two remaining Board members' terms began in January 2023 and January 2024.

The Town has approximately 755 residents and covers approximately 36 square miles. The Board-adopted 2025 general and highway fund budget totaled approximately \$1.4 million, with the highway fund accounting for approximately \$980,000 (70 percent) of the budget.

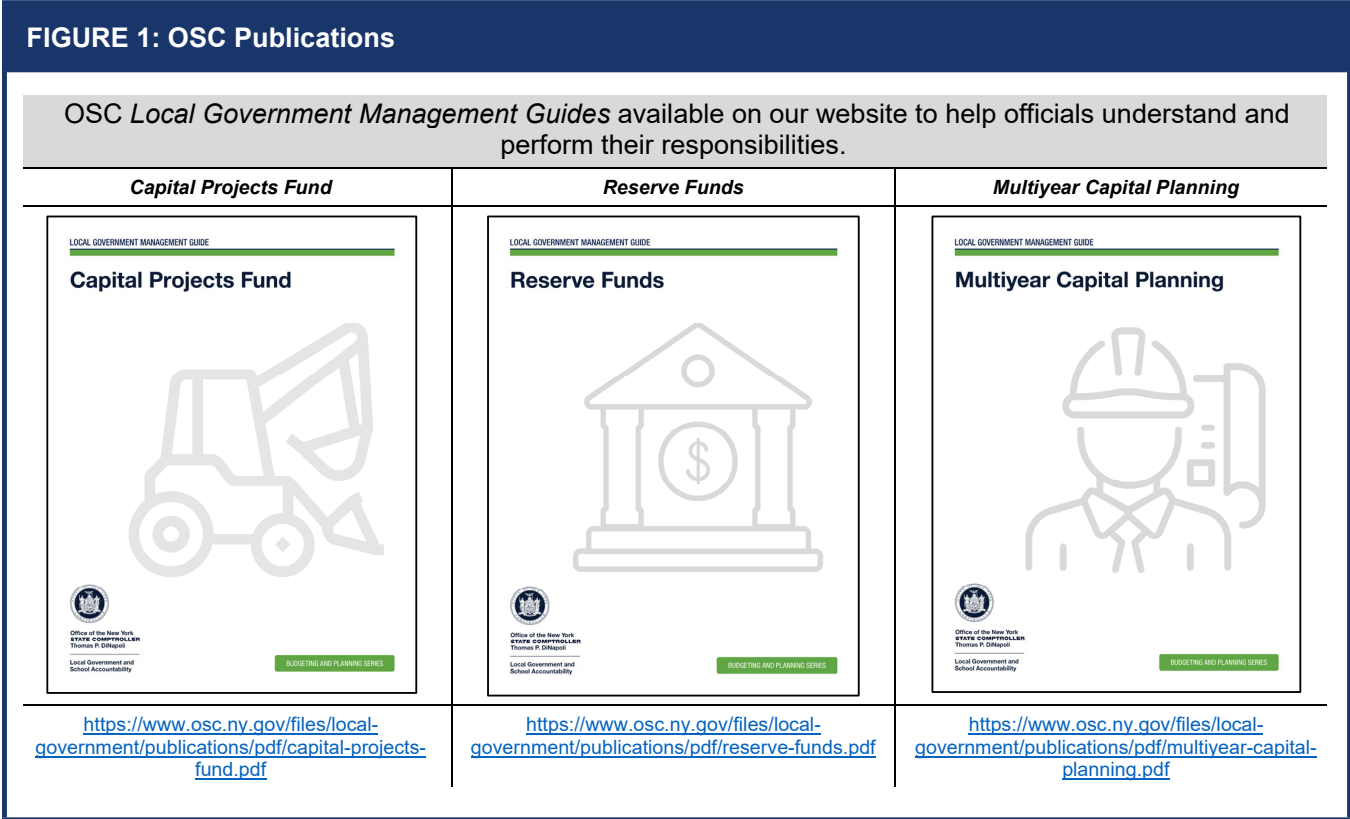
Criteria – Capital Projects

A board is responsible for the oversight and management of capital projects, including ensuring that projects are properly planned and managed. Proper planning and management of capital projects begins with identifying and prioritizing projects through the creation and implementation of multiyear capital plans. A written multiyear capital plan is a strategic document that the board develops to identify its capital project needs and communicates those needs to residents and taxpayers in a transparent manner. A multiyear capital plan also helps the board understand the project's overall scope, including its timeline, estimated costs and funding sources.

To understand the estimated costs of a capital project and guard against wasteful spending, each project needs a budget. A project's budget should be for the life of the project and contain anticipated funding sources and estimated expenditures for the project. Additionally, the board should document established budgets in board meeting minutes to provide transparency to residents and taxpayers about the project's planned costs and financing.

Reserve funds allow the board to save money to finance all or part of identified capital improvement project needs. The board may establish a capital reserve fund for these improvements; however, depending on the type of reserve, permissive or mandatory referendum requirements may apply for its establishment and use. GML Section 6-c allows a town to establish both a "specific" and/or "type" capital improvement reserve. A public referendum is not required to establish a "type" reserve, but a board should authorize the reserve by resolution. With certain exceptions, a permissive referendum is required before using funds from a "type" capital improvement reserve.

Additional Capital Project Resources



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: Additional Information

The Town acknowledged in 2022 that the salt shed should not continue to be insured. The Board made no updates to the building as of March 5, 2025.

FIGURE 2: Current Salt Shed – Rear View



Photo taken by OSC auditors on February 11, 2025 with permission from Town officials.

FIGURE 3: Current Salt Shed – Entry View



Photo taken by OSC auditors on February 11, 2025 with permission from Town officials.

Appendix C: Response From Town Officials

**Town of Wethersfield
4362 Route 78
P.O. Box 273
Gainesville, New York 14066**

July 19, 2025

Jeffrey D. Mazula
Director of Municipal Audits
Office of the New York State Comptroller
295 Main Street
Suite 1032
Buffalo, New York 14203

RE: Appendix B Response from Town Officials
Response to Draft Audit Report

Dear Mr. Mazula,

The audit by the Office of the New York State Comptroller was requested by the Town of Wethersfield in 2022 for a number of reasons. The reasons included but were not limited to the untimely passing of an elected supervisor in early 2020, a significant turnover in the town clerk position over a relatively short period of years, the acquisition of a property with intentions of building a new highway facility, and subsequent changes in both town council members and town supervisors. Each of these contributed to a lack of continuity in capital project planning and institutional knowledge. However, we recognize these challenges do not excuse the lack of proper planning or communication. In hindsight, the Board should have taken a more deliberate and transparent approach to planning, budgeting and provided timely updates to residents and taxpayers.

FINDING 1 – THE BOARD DID NOT DEVELOP AND ADOPT A WRITTEN MULTIYEAR CAPITAL PLAN.

Town of Wethersfield Response to Draft Audit Finding 1:

The Wethersfield Town Board acknowledges the New York State Office of the State Comptroller's findings regarding the absence of a written multiyear capital plan, and the lack of formal documentation and communication surrounding the property acquisition in 2020. We recognize the importance of proactive and transparent capital planning, and we appreciate the recommendations and resources provided during the audit process.

While the Board had long recognized the need for updated facilities, including a salt shed as noted in the May 2017 Board meeting minutes, we acknowledge that a formalized multiyear capital plan was not developed at the time of the 2020 property

purchase. The lack of a comprehensive development plan for the property and failure to communicate the acquisition publicly in a timely manner was a shortcoming that we are committed to rectifying.

Although not mentioned in the audit findings, it is important to note that the acquired property has already generated over \$35,000 in revenue for the Town of Wethersfield through the assignment of an existing wind turbine easement payment. Additional revenue is expected as the Town is currently considering a renegotiated easement agreement. Regardless of whether the property is developed or eventually sold, the wind turbine easement has provided, and is likely to continue providing meaningful financial benefits to the Town.

FINDING 2- THE BOARD DID NOT DEVELOP A PROJECT BUDGET FOR THE DEPARTMENT BUILDING CAPITAL PROJECT

Town of Wethersfield Response to Draft Audit Finding 2

The Wethersfield Town Board acknowledges the New York State Office of the State Comptroller's findings within the draft audit regarding the absence of a written project budget for the Department Building Capital Budget.-The Board also recognizes that the "pay as you go" methodology does not provide a transparent mechanism for communicating project costs to the town residents and taxpayers, and could lead to costs for such projects to be incorrectly appropriated, and exceed overall projected costs.

The Wethersfield Town Board respectfully disagrees with the audit's summary statements suggesting that town funds were used *"to purchase property and goods and services that may not be used"* and *"the board may have wasted approximately \$123,500 of Town funds"*. The Board maintains that these characterizations do not accurately reflect the Town's intent or the long-term benefits of the spending.

See Note 1 Page 13

The Town Board acknowledges that a formal capital budget and plan for the acquisition and development of the property did not exist at that time of purchase and still does not exist. However, the Board firmly believes that the expenditures for the acquisition, including subsequent engineering plans, purchased fill for the site and the precast sidewalls for the salt storage facility acquired through ARPA proceeds can and will be recouped. This could occur either through the potential sale of the property, should that decision be made, or with the construction of a salt storage facility at the current site, supported by the creation of the recommended multiyear capital plan and a comprehensive project budget, which work will begin immediately to correct.

FINDING 3- THE BOARD DID NOT PROPERLY ESTABLISH A CAPITAL RESERVE FUND

Town of Wethersfield Response to Draft Audit Finding 3

The Wethersfield Town Board acknowledges the New York State Office of the State Comptroller's findings within the draft audit regarding the proper establishment of the capital reserve account. Although discussions began in November 2007 and annual appropriations were made to the account in subsequent years, the Board did not formally establish the account as a "Type" Capital Improvement Reserve fund. Additionally, a proper resolution to officially authorize and create the reserve was not adopted.

The Wethersfield Town Board, under advisement by the Town Attorney and through the audit findings, will immediately take action to adopt a resolution and formally establish the correct "Type" Capital Improvement Reserve fund.

The Wethersfield Town Board is firmly committed to developing and adopting a written multiyear capital plan, establishing and adhering to a carefully created project budget following the recommendations in the draft audit findings. The Board also intends to promptly and formally address the establishment of a "Type" Capital Improvement Reserve fund, doing so with input from, and full transparency to, the Town's residents and taxpayers.

On behalf of the Town of Wethersfield Board

Respectfully submitted,

Mark A. Merrill
Town of Wethersfield

Appendix D: OSC Comment on the Town's Response

Note 1

The audit report notes that five years ago, officials spent approximately \$158,500 purchasing property and goods and services. In addition, three years later, officials paid \$85,000 for precast concrete wall blocks to be used on the property but have not scheduled a delivery date for the wall blocks. Furthermore, the Town owes an additional \$37,000 once the blocks are delivered. However, the property remains undeveloped and officials have no formal plans for development.

Appendix E: 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 the Supervisor, Board members, bookkeeper and Highway Superintendent and reviewed Board meeting minutes, real estate purchase information, and monthly and annual financial reports and adopted budgets to develop a timeline of discussions and the status of plans for the Department building capital project.
- We interviewed Town officials and reviewed Board meeting minutes to determine whether the Board adopted a resolution that properly established the building capital reserve fund.
- We reviewed monthly bank statements, claim packets and approved claim vouchers to identify all Board-approved project expenditures during our audit period.
- We examined the salt shed and took photographs of its current condition and reviewed insurance policy information to determine the building's coverage.
- We reviewed the Town's financial reports, including monthly Supervisor reports and annual financial reports, to determine whether reserve balances were being reported.

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.

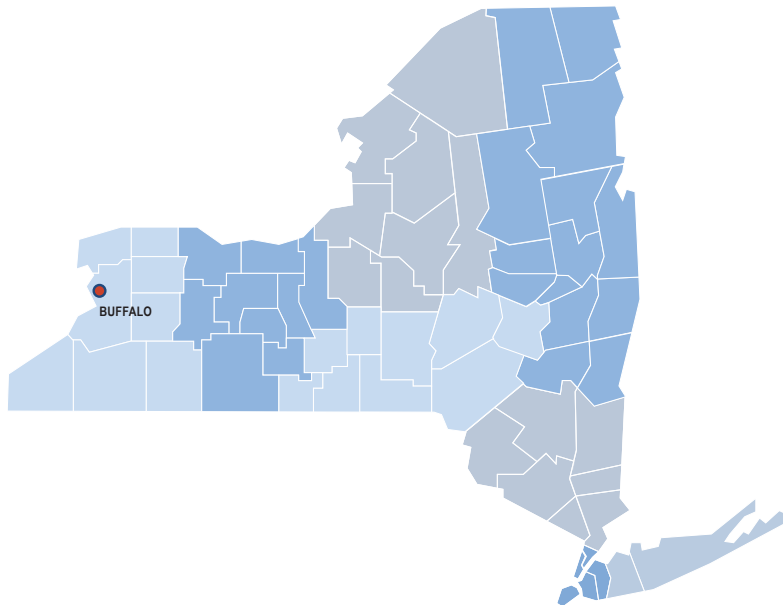
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