

New York State Comptroller  
THOMAS P. DiNAPOLI

# Village of Churchville

## Electric Utility Services Billing and Collections

May 2026 | 2026M-5

Prepared by the Division of Local Government and School Accountability

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# Audit Results

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## Village of Churchville

### Audit Objective

Did the Village of Churchville (Village) Board of Trustees (Board) provide adequate oversight of electric utility services billing and collections?

### Audit Period

March 1, 2023 – October 30, 2025

### Understanding the Audit Area

The Village provides municipal electric utility services to Village residential and commercial customers funded primarily through user fees. The Board should provide adequate oversight of electric utility services billing and collections to ensure financial stability, maintain operational transparency and protect residents and businesses from inaccurate billing or unfair practices. As electric utility services are critical for the health and welfare of residents, regular Board oversight acts as a check and balance to ensure accurate billing and revenue collection, compliance with regulations and helps prevent loss and misappropriation.

The Village has approximately 1,185 municipal electric customers with budgeted electric revenues of \$2 million for the 2025-26 fiscal year.

### Audit Summary

The Board did not provide adequate oversight of electric utility services billing and collections. For example, the Board did not request financial or electric utility services use, billing or collection reports or reconciliations to monitor operations. The Board also did not review and approve use and billing adjustments or develop and adopt electric utility services billing and collection policies to provide guidance to officials and employees completing billing and collection functions. As a result, officials and employees developed informal procedures that did not adequately segregate duties or include periodic reviews and reconciliations and significantly impacted the timely identification and correction of billing errors. For example, both the Clerk/Treasurer and electric utility services billing clerk (billing clerk) entered and modified billing rates and made use and billing adjustments without anyone reviewing or approving their work. These individuals made billing adjustments totaling \$327,711 from March 1, 2023 through June 2025, which largely consisted of correcting the billing errors totaling \$293,405 for demand customers.

In addition, we reviewed select billings associated with 14 of the 1,185 customer accounts and determined Village officials did not properly include sales tax totaling \$5,665 on one customer's bills from March 2023 through December 2024 and overcharged three commercial customers by a total of \$86 because they used the winter rates in October 2023 and October 2024 instead of the approved summer rates.

While our review of electric utility services billing collections did not identify any instances of collections that were not deposited, the lack of accountability without separate cash drawers and user accounts could result in recording errors or misappropriations of cash without detection.

The report includes eight recommendations that, if implemented, will improve the Board's oversight of electric billing and collections. Village officials generally agreed with our recommendations and their response is included in Appendix B.

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 C.

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 Clerk/Treasurer's office.

# Electric Utility Services Billings and Collections: Findings and Recommendations

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A village board is responsible for providing adequate oversight of a village's municipal electric utility services billing and collections. Effective oversight requires a village board to provide guidance and operational expectations to village officials and employees involved in the electric utility services billing and collection process by adopting written policies and procedures. Village board guidance should outline the frequency of electric utility services billing, all billing rates, special billing situations, collection periods, timing and amount of late charges, enforcement of unpaid accounts, account adjustment review and approval process, periodic reconciliations and preparation of financial and use reports. In addition, a village board should monitor operations by reviewing and approving periodic financial and use reports, reconciliations and use and billing adjustments and develop procedures to enforce unpaid bills.

More details on the criteria used in this report, as well as resources/publications we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

## **Finding 1 – The Board did not provide adequate oversight of electric utility services billing and collections.**

The Board did not request financial or electric utility services use, billing or collection reports or reconciliations to monitor operations. The Board also did not review and approve billing adjustments. In addition, the Board did not adopt electric utility services billing and collection policies to provide guidance to officials and employees completing these functions. As a result, officials and employees developed informal procedures that did not adequately segregate duties or include periodic reviews and reconciliations and significantly impacted identifying and correcting billing errors in a timely manner.

Both the Clerk/Treasurer and electric utility services billing clerk entered and modified billing rates and made use and billing adjustments without anyone reviewing or approving their work. These individuals made billing adjustments totaling \$327,711 from March 1, 2023 through June 2025, which largely consisted of correcting the bills totaling \$293,405 for demand customers. The Clerk/Treasurer told us that the demand customers were underbilled from October 2023 through October 2024 due to a calculation error following a system software upgrade, resulting in omitting part of the formula for calculating demand billing. Due to the lack of adjustments' review or approval, we reviewed all use adjustments (one) and billing adjustments (\$466) made during February 2025 and determined they were adequately supported with documentation.

Because officials did not periodically reconcile electric energy purchases with amounts billed and the Board did not request or review budget status reports to identify variances between electric utility services revenues budgeted and received, the demand customer billing error was not identified in a timely manner, until the issue had been on-going for 12 months. We compared actual electric utility services revenues received to budgeted amounts and determined that revenues from demand customers decreased by more than \$22,000 (36 percent) from September 2023 through October 2023, the month the billing error began, and revenues were \$212,041 (12 percent) less than budgeted by the end of the fiscal year in February 2024.

The three Board members we spoke to could not provide a reason why the Board did not require the Clerk/Treasurer to provide budget status reports for their review before starting our audit in May 2025. However, after we brought this to their attention, the Clerk/Treasurer began including budget status reports in her monthly reports to the Board. Had Board members reviewed monthly budget status reports, they could have promptly identified and corrected the demand customer billing error.

In addition, the billing clerk generated electric utility services bills without any oversight, which increases the risk of billing errors or misappropriations without detection. Our review of a sample<sup>1</sup> of 14 customers billed a total of \$189,371 from March 1, 2023 through June 30, 2025 identified that Village officials:

- Did not properly include sales tax totaling \$5,665 on one customer's bills from March 2023 through December 2024. The Clerk/Treasurer told us that she believed the customer was exempt from taxes but was unable to provide us with a tax-exempt certificate for the customer.
- Overcharged three commercial customers by a total of \$86 because they used the winter rates in October 2023 and October 2024 instead of the approved summer rates. The Clerk/Treasurer told us that the incorrect start date for the winter rate was entered in the billing software. Since the issue was systemic, we reviewed all 157 bills to commercial customers in October 2023 and 2024 and determined that officials overcharged customers on all 157 bills by a total of \$1,315. This difference also included four customers incorrectly billed with either the residential or demand rate instead of the commercial rate.
- Furthermore, the Board did not adequately oversee electric utility services collections. We determined that four employees working in the Village office, including the Clerk/Treasurer and billing clerk, collected these and other payments and shared a single cash drawer. In addition, the employees shared a user account in the cash receipts software, which prevented the software from easily identifying who collected the payments. While our review of electric utility services billing collections did not identify any instances of collections that were not deposited, the lack of accountability without separate cash drawers and user accounts could result in recording errors or misappropriations of cash without detection.

## Recommendations

The Board should:

1. Consult with legal counsel and determine the appropriate course of action to address the billing errors identified.
2. Establish written policies and procedures to provide adequate guidance and oversight of electric utility services billing and collections, including adequately segregating duties or providing compensating controls when duties cannot be segregated.
3. Review and approve all use and billing adjustments and ensure they are adequately documented or designate someone independent of the billing and collecting process to perform these functions.
4. Obtain and review electric utility services use, billing and collections, and reconciliation reports to monitor operations.
5. Obtain periodic budget status reports and use them to monitor variances between electric revenues received and budgeted to identify billing errors.

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<sup>1</sup> See Appendix C for our sampling and testing methodologies.

The Board and Village officials should:

6. Ensure a thorough and independent review of billing rates and bills before sending bills to customers.
7. Review periodic reconciliations of electric energy purchased and billed to identify potential billing errors.
8. Assign separate cash drawers and user accounts to those responsible for collecting cash.

# Appendix A: Profile, Criteria and Resources

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## Profile

The Village is located in the Town of Riga in Monroe County.

The elected five-member Board, composed of the Mayor and four trustees, is responsible for the general management and control of the Village's financial affairs, which includes oversight of the municipal electric utility services billing and collections operations.

The Clerk/Treasurer is the chief fiscal officer of the Village and is responsible for the Village's day-to-day financial activities. The billing clerk is responsible for generating the electric bills and the Clerk/Treasurer, billing clerk and two additional employees within the Village office are responsible for collecting customer payments.

The Village's fiscal year runs from March 1 through February 28.

## Criteria

A village board is responsible for providing adequate oversight of a village's municipal electric utility services billing and collections. Effective oversight requires a village board to provide guidance and operational expectations to village officials and employees involved in the electric utility services billing and collections process by adopting written policies and procedures. Village board guidance should outline the frequency of electric utility services billing, all billing rates, special billing situations, collection periods, timing and amount of late charges, enforcement of unpaid accounts, account adjustment review and approval process, periodic reconciliations and preparation of financial and use reports. In addition, a village board should monitor operations by reviewing and approving periodic financial and use reports, reconciliations and use and billing adjustments.

A village board and village officials should ensure that New York State Public Service Commission approved-rates in the billing software are accurate through an independent review. In addition, officials should ensure an independent review of the billing register for accuracy before the bills are sent to customers.

A village board or another designated individual not involved in making billing adjustments should approve all adjustments and review adjustment reports to ensure that only authorized adjustments occur.

Officials should prepare regular electric energy purchase reconciliations to the amounts billed to identify billing errors.

A village board should regularly review budget status reports and analyze variances between revenues, both budgeted and received, that may indicate billing errors have occurred.

A village board should ensure that each employee responsible for collecting cash is assigned a separate cash drawer and individual user account and password to the cash receipts software to maintain accountability when collecting cash.

## Additional Resources

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

- *Fiscal Oversight Responsibilities of the Governing Board*: <https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>
- *The Practice of Internal Controls*: <https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf>
- *Management's Responsibility for Internal Controls*: <https://www.osc.ny.gov/files/local-government/publications/pdf/managements-responsibility-for-internal-controls.pdf>

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

# Appendix B: Response From Village Officials

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The content below is a reproduced copy of the original response letter issued by Village officials and is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,<sup>2</sup> and may have included changes to spelling and grammar. The substance of the content was not changed.

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April 29, 2026

Stephanie Howes, Chief of Municipal Audits  
Office of State Comptroller  
The Powers Building  
16 West Main St., Suite 522  
Rochester, NY 14614-1608

Re: Village of Churchville Audit Report  
Electric Utility Services Billing and Collections, 2026M-5

Dear Ms. Howes:

On March 27, 2026, the Village of Churchville office received the Office of the State Comptroller Electric Utility Services Billing and Collections Report of Examination, covering the period beginning March 1, 2023, and ending October 30, 2025. Village officials, including the Mayor, Board of Trustees, and the Clerk/Treasurer, have carefully reviewed the report and recommendations. This letter will serve as the Village of Churchville's response to the audit.

We generally agree with the findings and recommendations in the report. As noted during the exit meeting with the auditors, practices involving billing and collections are largely governed by the New York Municipal Power Agency (NYMPA) Generic Tariff and the Village of Churchville's electric tariff, approved by the New York State Public Service Commission, to which we adhere. Though not explicitly written down, other practices around billing adjustments and late fees are clearly communicated to and understood by staff and are consistently applied. Procedures will be defined so that past errors that were found and fixed but noted during the audit are mitigated in the future.

The Board appreciates the OSC's recommendations and views this audit as a constructive tool to further enhance the Village's practices and thanks the auditors for their thorough review and constructive recommendations.

Respectfully submitted,

John Hartman  
Mayor, Village of Churchville

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<sup>2</sup> <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

# Appendix C: Audit Methodology and Standards

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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 employees and reviewed electric utility services billing procedures, Board meeting minutes and relevant electric reports such as consumption reports, electric billing reports, meter read reports, demand read reports, and demand multiplier cards to gain an understanding of the Village's procedures relating to electric utility services billing, collection, enforcement and accounting.
- We used our professional judgment to select two customer accounts of an official and an employee and used a random number generator to select 12 additional customers from the different customer categories. This resulted in an initial sample of 14 customers (1 percent), which included five residential customers (less than 1 percent), three commercial customers (3 percent), four demand customers (11 percent), and two street and security lights customers (25 percent). For the selected customers, we reviewed all monthly electric utility services bills from March 2023 through June 2025 and compared them to amounts we calculated using meter read and consumption reports and rates from the billing rates schedules approved by the Public Service Commission to determine whether the billing clerk accurately billed customers.
- After identifying a systemic issue where all three commercial customers reviewed were billed with an incorrect rate in the months of October 2023 and October 2024, we reviewed all 157 bills for two months for all commercial customers and calculated the total amount of billing errors.
- We used our professional judgment to select a test month of February 2025, which was before our audit notification and during the winter rate period, and reviewed all use (one) and billing (\$466) adjustments to determine whether they were adequately supported with documentation.
- We used our professional judgment to select a test week starting on February 3, 2025, which was before our audit notification and was during a time following electric utility services billing to compare receipt reports generated by the financial software that detailed all money collected by the Village to bank statements to determine whether all receipts received during the period were deposited.

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.

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 relevant population size and the sample selected for examination.

# Questions?

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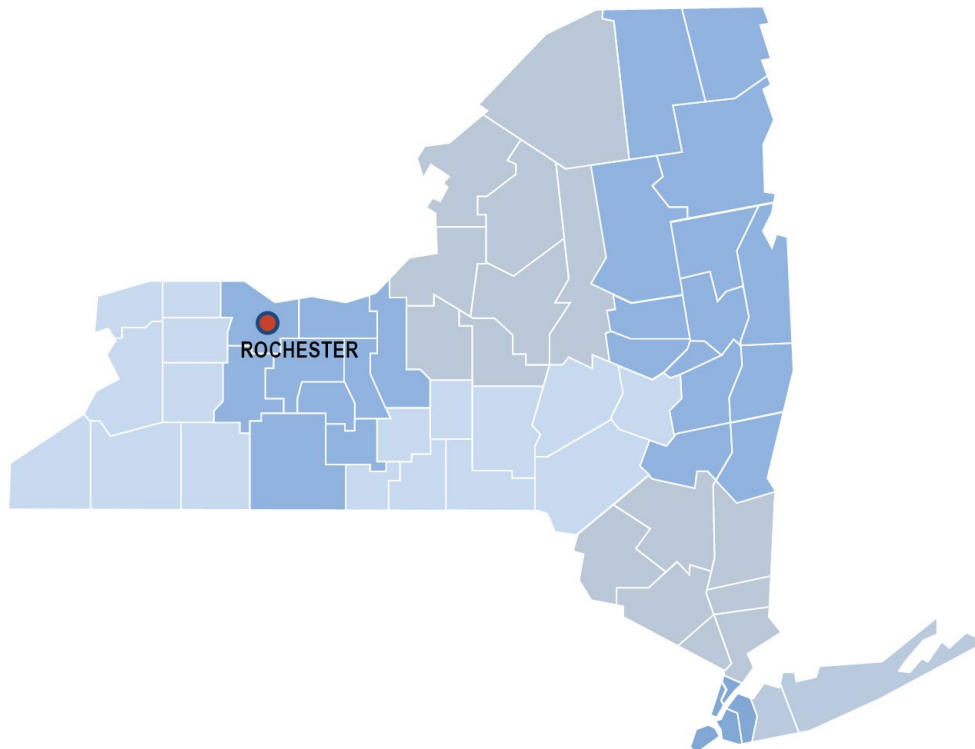
Stephanie Howes, Chief of Municipal Audits

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