



# Town of Kingsbury

## Water Fees

### Report of Examination

Period Covered:

January 1, 2015 — August 31, 2016

2016M-400



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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

February 2017

Dear Town Officials:

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

Following is a report of our audit of the Town of Kingsbury, entitled Water Fees. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

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

Respectfully submitted,

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

# Introduction

## Background

The Town of Kingsbury (Town) is located in Washington County (County) and has a population of approximately 12,700 residents. The Town provides various services to its residents including road maintenance, snow removal, recreation programs, water and general government services. The Town's budgeted appropriations for 2016 were about \$2.9 million, funded primarily by real property taxes, water fees and State aid.

The Town is governed by an elected five-member Town Board (Board), which is composed of the Town Supervisor (Supervisor) and four Board members. The Supervisor serves as chief executive officer and chief fiscal officer. The Board is responsible for overseeing Town operations and finances and the general management and oversight of fiscal matters, including the regulation of the construction, use, operation and maintenance of water supply systems, and establishing water fees.

## Objective

The objective of our audit was to review the Town's process for billing and collecting water fees. Our audit addressed the following related question:

- Did the Board ensure that water fees were properly billed, collected, recorded and deposited?

## Scope and Methodology

We examined the Town's procedures for the billing, collecting, recording and depositing of water fees for the period January 1, 2015 through August 31, 2016.

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

## Comments of Local Officials

The results of our audit have been discussed with Town officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our report.

## Water Fees

The Board must provide sufficient oversight of employees and processes and ensure that water consumption is accurately billed to customers at the proper rates. The Board needs to ensure that collections are recorded and deposited timely and intact. When necessary, penalties for late payments should be assessed and unpaid bills should be reported to the County for re-levy on the real property tax bills.

Town officials have ensured that the Town properly bills, collects, records and deposits water fees. In November 2015, the Board adopted revisions to a local law regulating the Town's water supply systems. The local law includes regulations, property owner responsibilities, violations, fees, charges and penalties. The revisions increased the billing rates for water consumption effective January 1, 2016 and the number of residential and commercial billing categories from four to 14. The Town Comptroller (Comptroller) maintains the water billing software program and prepares the bills for all customers. She had to update the data for all 450 customer accounts to ensure the billing system would properly calculate water fees under the new rate structure.

The water superintendent manually obtains water meter readings and writes the readings on a report provided by the Comptroller. He submits the report with the meter readings to the Comptroller, who enters the readings into the billing software. Based on the customer billing categories and water consumption, the software program calculates the water fees and prints the bills. The Comptroller places the bills in envelopes and ensures they are mailed to the customers. Commercial customers are billed monthly and residential customers are billed quarterly. The Comptroller prints and reviews several reports to ensure accuracy. For example, she reviews the utility billing meter reading proof list to ensure there were no typographical errors when entering the meter readings in the billing program. She also reviews the billing register detail report, which shows the customers' consumption for the billing period, the rate codes by which the bills are calculated and the billing amounts.

The Town Clerk's office collects the payments and records them in the water billing software program. The Deputy Town Clerk prints reports of cash receipts, prepares and makes the deposits and submits the cash reports, bank deposit slips and receipts to the Comptroller. The Comptroller tracks the payments and any applicable fees for late payments, reconciles the bank statements and submits monthly water fee revenue reports to the Board.

During the audit scope period, the Town billed customer accounts approximately \$244,000 for total water consumption of about 60.4 million gallons. We judgmentally selected 50 accounts<sup>1</sup> that were billed about \$6,300. Except for minor discrepancies that we discussed with Town officials, the customers were billed at the correct rates and the payments were properly collected, recorded and deposited timely and intact. We also tested nine of the 45 unpaid bills in 2015 and found they were properly re-levied on the 2016 real property tax bills and that the Town correctly calculated the unpaid bills and penalties.

We commend Town officials for ensuring that Town employees properly bill, collect, record and deposit water fees.

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<sup>1</sup> We selected 15 accounts from 2015 and 35 accounts from 2016. See Appendix B for additional information on the selection process.

## **APPENDIX A**

### **RESPONSE FROM LOCAL OFFICIALS**

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

# Town of Kingsbury

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RECEIVER OF TAXES  
(518) 747-3826

January 24, 2017

[REDACTED]  
[REDACTED]  
NYS office of the State Comptroller  
Division of Local Government and School Accountability  
One Broad St. Plaza  
Glens Falls, NY 12801

Dear [REDACTED]

Please find this letter as the formal response from the Town of Kingsbury to the January 6th draft report and follow up exit interview held on January 13th, 2017 regarding the audit conducted at the Town of Kingsbury on or around the 3rd quarter of 2016.

As we discussed and reviewed, it is our understanding that there were no major findings or necessary adjustments being suggested at this time.

On behalf of our town employees and board members, I would like to thank your office, particularly [REDACTED], for providing such a high degree of professionalism and feedback during this process. It was a positive learning experience and we appreciate the service provided to our town on behalf of the taxpayers and residents of Kingsbury, NY.

Thank you, again, for conducting the audit and we look forward to working with your office again in the future.

Sincerely,

Dana Hogan, Supervisor  
Town of Kingsbury

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Town officials and employees and reviewed the Town's regulations, procedures and local law to obtain an understanding of the water billing and payment collection process.
- We judgmentally selected a sample of 50 customer bills totaling about \$6,300 and approximately 1.6 million gallons of consumption. Because the Board adopted a new rate schedule for 2016 that increased the number of rate categories from four in 2015 to 14 in 2016 with added complexity to the billing calculations, we weighted our sample to test more customer bills in 2016 to determine if the rate changes had an impact on the accuracy of the bills.
- Thirty-five of the customer bills were selected from June 2016 because it was the most recent quarterly billing that included all commercial and residential accounts (commercial accounts are billed monthly; residential accounts are billed quarterly). We included commercial and residential customers and various rate categories. Fifteen of the customer bills were selected from June 2015. It was also a quarterly billing and the same quarter that which we tested in 2016. We included commercial and residential customers and the former rate categories. We determined if the customers were billed at the correct rates based on their consumption. When applicable, we determined if penalties were correctly assessed and collected. We then determined if the payments were properly collected, recorded and deposited timely and intact.
- We judgmentally selected nine of the 45 accounts that were re-levied on the 2016 real property tax bill to determine if the re-levied amounts were accurately calculated including penalties. We included past-due accounts identified in our test of June 2015 and high re-levied amounts.

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

## APPENDIX C

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**APPENDIX D**  
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**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
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