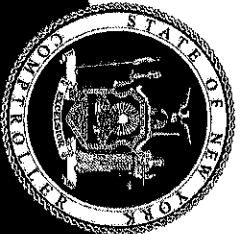


Town of Alexandria

Redwood Water and Sewer District Charges

DECEMBER 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Town of Alexandria

Audit Objective

Determine whether the Town billed charges in the Redwood Water and Sewer Districts in accordance with Town ordinances.

Key Findings

Town officials did not bill water and sewer charges in accordance with Town ordinances. We found:

- The water ordinance did not provide a clear, consistent and equitable basis for billing property owners. In addition, certain charges stipulated in the water and sewer ordinances did not conform to applicable State law.
- We reviewed water and sewer billings totaling \$82,649 for 70 property owners and identified about \$10,339 in charges that were inconsistent with the ordinances.
- Water meter readings were not always reliable during our audit period, but officials have taken measures to obtain more reliable readings.

Key Recommendations

- Update the ordinances to clearly define and specify all charges and ensure they conform to applicable State law.
- Ensure procedures are in place to verify residents are properly billed in accordance with the ordinances.
- Ensure meter readings are reliable.

Town officials agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Town is located in Jefferson County. The Town is governed by an elected Town Board (Board) composed of four members and a Town Supervisor (Supervisor). The Board is responsible for the general oversight of Town operations.

The Town Clerk (Clerk) is responsible for billing and recording water and sewer user charges. The water and sewer operators manage overall operations for these districts.

Quick Facts

Population	4,061
2018 Redwood Water Appropriations	\$198,561
2018 Redwood Sewer Appropriations	\$127,933
Water Customers	279
Sewer Customers	220

Audit Period

January 1, 2017 – October 31, 2018

Redwood Water and Sewer District Charges

The Redwood Water District (water district) is composed of 389 parcels (properties) and the Redwood Sewer District (sewer district), which is located within the boundaries of the water district, is composed of 250 properties. The Clerk maintains individual customer accounts in a computerized water and sewer billing program and generates and sends out quarterly billings to property owners within the districts.

The water and sewer operators manage overall operations in these districts along with the Town's other four water districts and one other sewer district. The water operator obtains water meter readings necessary to calculate bills for water use. The Town purchases its water supply from the Village of Alexandria Bay (Village).

How Should Officials Ensure Water and Sewer Charges Are Accurately Billed?

A board should clearly define all water and sewer charges in its ordinances¹ and adopt policies and procedures for billing water and sewer charges to ensure that property owners are billed in accordance with their ordinances and other board resolutions. In addition, the board should ensure that all ordinances conform fully to applicable requirements in New York State Town Law (Town Law) and New York State General Municipal Law (GML) because a town special improvement district is generally limited to raising funds by the methods authorized in these laws.²

The board should also ensure that accurate information is maintained on each property such as the property classification (e.g., residential, commercial, apartment, government), improvements and other factors used to determine water and sewer billings. As properties change (e.g., a vacant property is developed, an apartment is added or the board agrees to change a property classification in response to a grievance), these records should be updated and used to support changes to the billings. This information should be periodically compared to the billing records before bills are sent to customers to determine the accuracy and completeness of billings.

In addition, when water billings are based on metered water use, it is important to have controls in place help ensure the accuracy of the recorded water use. For example, the town should periodically compare each user's water consumption (from metered use) to the prior period to identify abnormalities that should be addressed. If adjustments are needed to estimate water use or change water readings or billed amounts, the board or other authorized supervisory personnel should approve the adjustments before they are made.

¹ While the Town established its charge pursuant to ordinances, changes may also be established by local laws, ordinances or resolution, depending on the applicable statute.

² Refer to New York State Town Law (Town Law), Article 12 and New York State General Municipal Law (GML), Article 14-F.

The Board Needs To Review and Amend the Water Ordinance

The Board adopted a water ordinance that defines how the Town bills users and property owners within the water district to cover the costs of district operations. Based on the ordinance, the Town bills on the following three types of charges within the district:

- An equivalent dwelling unit (EDU), which is a uniform rate charged based on the type of parcel.
- A water use charge based on metered water consumption.
- A benefit assessment charge based on the lineal foot of frontage along the public highway.³

We found that the water ordinance did not provide a clear and consistent basis for billing property owners and certain provisions of the ordinance did not conform to Town Law.

The water district ordinance provided two main areas within the water district – the area covering the hamlet of Redwood (hamlet) and the area covering the transmission line.⁴ However, the ordinance did not clearly define how EDU charges should be applied to the different property classifications in each area and did not require that charges be consistently applied throughout the entire district, which may result in inequitable billings to property owners.

For example, the ordinance defined EDU as “a typical single-family residential parcel. All parcels within the Hamlet of Redwood shall be considered a minimum 1.0 EDU for the purpose of assessing charges....”

The ordinance definition of EDU specified that it applied to single family residential parcels and went on to mention charging at least 1.0 EDU for all parcels within the hamlet. However, the ordinance did not address other property classifications, such as commercial properties and multi-family residential (apartment) buildings or specify the number of EDUs that should be charged to each classification.

In addition, the ordinance did not clearly specify whether parcels within the transmission line area should also be charged EDUs. Both the Supervisor and a Board member told us that they believe that if a property is connected to water service in either the hamlet or along the transmission line, the owner should be charged an EDU, whether they received water or not.

³ Although the ordinance refers to these charges as benefit assessments, they are billed quarterly as water rates. These charges do not appear on the property owners' tax bill.

⁴ The ordinance defines the hamlet as the area within the water district lying to the east, northeast, and southwest of the transmission line. The ordinance further defines the transmission line as the area within the district that commences at its boundary within the Village, extending along New York State Route 26 and County Route 192 easterly and ending at the Hamlet.

The water ordinance also included language that was inconsistent in regard to benefit assessment charges and did not require that these charges apply to the entire water district. For example, the ordinance stated that property owners along the transmission line, whose property has no lateral to connect to the water system, shall be charged a benefit assessment.⁵ However the ordinance did not include a provision to charge similar types of properties within the hamlet.

Also, the water rates⁶ portion of the ordinance indicated that the benefit assessment applied to vacant parcels along the transmission line with no lateral connection. As written, the ordinance was unclear whether property owners of unconnected non-vacant properties along the transmission line were also required to pay a benefit assessment. Both the Supervisor and a Board member told us that they believed that all unconnected properties, not just those that are vacant, along the transmission line should be charged a benefit assessment. However, this was not clearly stated in the ordinance.

Because the water ordinance did not clearly define how charges should be apportioned among the different property classifications and uniformly apply charges to the entire district, the Clerk was not provided with clear guidance for how to calculate water bills and water district costs may not have been equitably apportioned to properties within the district.

Furthermore, there is no provision in Town Law that allows the Town to charge benefit assessments in the manner provided in the ordinance, which appears to charge vacant and unconnected parcels through user fees. A user fee must bear a direct relationship to the cost of providing the service and have a rational underpinning for the charge.

While the laws do permit towns to include a benefit assessment on the real property tax bill when certain procedures are followed, the benefit assessment would need to apply to all properties within the district, including those that receive water services and those that benefit from having water services available. The Town may not bill a quarterly user charge to properties that are not connected to the system, as stipulated in the ordinance.

The Board Needs To Improve Controls To Ensure Water Users Are Accurately Billed

Although the water ordinance did not fully conform to Town Law, the Town has used the ordinance as its basis for billing property owners. Setting aside the applicable State law issues, there were still problems with the Town's implementation of the water ordinance.

⁵ The current benefit assessment rate is \$0.064 (0-250 feet) or \$0.013 (over 250 feet) per linear foot of frontage along the public highway.

⁶ Quilined in Exhibit A of the ordinance.

We reviewed the Town's water billings to determine whether the Town consistently billed property owners the charges stipulated in the ordinance. We tested the quarterly water billings for 70 properties, which totaled \$52,995 during our audit period. Our review found \$8,111 in water charges for 27 properties that were not billed in accordance with the water ordinance. For example:

- A vacant property located on the transmission line and owned by the Supervisor was charged 1.0 EDU totaling \$1,000 for our audit period. The water operator, Supervisor and a Board member told us that this property has no lateral connection to the water system. The water operator also provided us with a map that showed no lateral connection. Based on the ordinance, the Town should charge properties on the transmission line with no lateral connection a benefit assessment, which would total \$173 for this property for our audit period (\$827 less than the amount billed).
- Two commercial properties connected to water service were not charged EDUs totaling \$2,000 for the audit period. One property was located in the hamlet while the other was located along the transmission line. The Clerk attributed these undercharges to an oversight on her part.
- Two properties connected to water service were charged 2.0 EDUs each, rather than 1.0 EDU as specified in the water ordinance. This resulted in \$2,000 in potential overcharges to the customers. The water operator told us that each of these properties had two separate water connections and the Clerk told us that she billed two EDUs to each property because of the two water connections. However, the water ordinance did not address charges for multiple water connections on one property.
- A single family residence, which also included apartments on the property, was charged 2 EDUs, resulting in the property being charged \$1,000 more during our audit period than specified in the ordinance. The water ordinance specifies that parcels shall be considered a minimum of 1.0 EDU and did not address EDU charges for apartments. Therefore, the Clerk did not have a clear basis for charging 2.0 EDUs to this property. In addition, another similar property that included a residence and apartments was charged 1.0 EDU. As a result, officials were not consistently billing EDU charges for similar types of properties.
- Eleven properties located on the transmission line, with no water connection, were not charged benefit assessments totaling \$1,682 during our audit period, while similar types of properties on the transmission line area were billed for these charges. The Clerk told us that it was her understanding that only vacant properties were to be charged the benefit assessment according to the ordinance. However, the ordinance was not entirely clear with regard to this matter.

-
- Three vacant properties located in the hamlet were charged \$162 in benefit assessments, even though the water ordinance did not state that benefit assessments should be charged within the hamlet and four other vacant properties in the hamlet were not billed for these charges.

The failure to follow the Town law and the lack of consistency in applying the water charges has potentially resulted in inequitable billings to property owners.

Many of the inconsistencies we found with the water billings occurred because the water ordinance lacked critical details specifying how water charges should be billed and there was little, if any, oversight of the billing process. Town officials had no procedures in place for someone to periodically review the water EDU and benefit assessment charges billed by the Clerk to help ensure they are accurate and in agreement with the water ordinance.

In addition, officials did not maintain sufficient records to identify all the properties that should be billed in the water district, and the corresponding EDUs or benefit assessments that should be charged to each parcel according to the ordinance. Without an accurate and current list of all properties to be billed, along with adequate procedures to periodically reconcile these records to the quarterly water billing, officials cannot be sure that all property owners are being charged in accordance with the ordinance.

The Board Needs To Review and Amend the Sewer Ordinance

The Town billed sewer rents to property owners in the sewer district based on EDU classifications and factors specified in the sewer ordinance. The sewer ordinance was more comprehensive than the water ordinance because it identified and defined the various user classifications (e.g., residential, commercial, and apartment users) and the number of EDUs to be charged.

In 2018, a Board member conducted an internal review of sewer district charges, which consisted of comparing the property classification and improvements of each property located within the sewer district to the number of EDUs being charged in the Clerk's billing program. The Board member told us that he reviewed the property classifications within the sewer district in the final assessment roll and also confirmed certain property classifications and improvements with the sewer operator to determine whether property owners were billed the correct number of EDUs according to the sewer ordinance in effect at the time.

After the review was completed, the Board amended the sewer ordinance in May 2018 to change various EDU classifications and factors. For example, the Board increased the EDU factor applicable to apartments from .75 to 1.0 EDU

and revised the classifications to charge laundromats .2 EDU per machine.⁷ The Board also added a .25 EDU charge for buildable vacant lots⁸ and it increased the annual sewer EDU rate from \$450 to \$650 in an effort to address the district's poor financial condition by increasing revenues.⁹

As a result of the internal review and the Board's changes to the sewer ordinance, Town officials determined that the total number of EDUs billed by the sewer district should be increased by 23.4 EDUs to 234.9. These increases affected 67 different properties. One of the main reasons for the EDU increase was that the Board amended the sewer ordinance to add the .25 EDU charge for buildable vacant lots, which resulted in billing 13.25 new EDUs. The Board communicated the ordinance changes and the results of the review to the Clerk who increased the EDU rate and the number of EDUs billed to the identified properties in the June 2018 billing.

However, this change in the ordinance did not comply with provisions in Town Law and GML because the Town lacked the authority to bill user fees in the manner provided in the ordinance for properties that were not connected to the sewer system and not receiving the service.¹⁰ As previously mentioned, a user fee must bear a direct relationship to the cost of providing the service and have a rational underpinning for the charge.

The Supervisor told us that the Board did not realize the ordinance provision to charge vacant lots (unconnected properties) did not comply with the law. The Board needs to review and as appropriate amend the sewer ordinance to ensure it conforms to applicable State law so there is a sound legal basis for billing all sewer charges.

The Board Needs To Improve Controls To Ensure Sewer Users Are Accurately Billed

Although the sewer ordinance did not conform to Town Law and GML, the Town used the ordinance as the basis for its billings. We reviewed the Town's sewer billings to determine whether the Town consistently billed users and property owners in accordance with the ordinance. We tested the quarterly sewer billings

⁷ According to the Board minutes, the EDU charge for laundromats was ".02 per machine." However, officials provided us with documentation showing that the Board intended to charge .2 EDU per machine.

⁸ When the sewer ordinance was initially adopted in May 1992, vacant lots were charged .25 EDUs. The Board accepted amendments to the sewer charges in September 1992. However, the minutes did not specify what changes were made to the ordinance and Town officials were unable to provide an updated copy of the ordinance that includes the amendments. Officials provided us with other documentation showing that the Board changed the EDU classifications to charge zero EDUs for vacant lots and 0.5 EDUs for vacant lots equipped with a sewer pump.

⁹ Refer to our related report *Town of Alexandria – Water and Sewer District Financial Condition* (2019M-116).

¹⁰ Town Law, Sections 198, 202, 202-a and GML, Sections 451, 452

for 38 properties, which totaled \$29,654 during our audit period. We found \$2,228 in sewer charges for 18 properties were not billed in accordance with the sewer ordinance. For example:

- The sewer ordinance required the Town to charge each residential user 1.0 EDU for sewer services. In October 2018, the Clerk added a new charge of 0.25 EDU (\$41) for a residential property owned by a Board member due to a recommendation made during the Town's internal review.

Officials told us this property was not previously charged an EDU because the main sewer line was more than 600 feet away from the property, and therefore, no sewer service was available. Our review of the original sewer district site plan drawings (from December 1989) confirmed that the sewer line did not reach the Board member's property. Because this property was not connected to the system, the Board member was not considered a residential user as defined in the ordinance and should not have been billed any EDUs for the property.

In addition, the Clerk did not bill this Board member .25 EDU for a buildable vacant lot when this new charge went into effect on June 1, 2018. As a result, the Board member was not charged \$14 as required by the ordinance. In October 2018, the Clerk added the new .25 EDU charge for this lot.

- Two vacant buildable lots owned by the Supervisor were charged a net total of \$203 more than specified in the sewer ordinance on the June and October 2018 billings. The Clerk explained that she accidentally charged the Supervisor 1.0 EDU instead of .25 EDU for each property (.5 EDUs for two vacant buildable lots). She partly corrected the error in a subsequent billing, but did not credit the Supervisor for the full amount of the overpayment.
- A commercial property was not billed 1.0 EDU in sewer charges during billing periods reviewed, resulting in undercharges totaling \$885. This error was identified during the Town's review of sewer EDUs and corrected in the last two billings (June and October 2018).
- One property containing a church was charged 1.0 EDU throughout the entire audit period instead of .5 EDU, as required by the sewer ordinance. This resulted in \$483 in overcharges.
- A residential user was charged 2.25 EDUs for a residence and two apartments for a portion of the audit period instead of 2.50 EDUs as required by the ordinance. We also identified other errors in the billings for this property, which resulted in undercharges totaling \$216.

The failure to ensure that the sewer ordinance conforms to applicable laws and the lack of consistency in applying the sewer charges has potentially resulted in inequitable billings to sewer users and property owners.

The internal review completed in 2018 was a positive step toward increasing oversight of the sewer billing process. However, the Board and Town officials need to take additional measures to ensure sewer billings are accurate and proper. Officials should use the results of the internal review to develop a master record of all the sewer district users along with their corresponding EDU classifications.

This record should be updated as needed to track any new users or changes made to current user classifications. Without an accurate and current list of all sewer district users, along with adequate procedures to periodically reconcile these records to the quarterly sewer billings, officials cannot be sure that all users are being billed accurately and in accordance with the ordinance.

Water Meter Readings Were Not Always Reliable

The Clerk told us she routinely experienced problems when generating water bills over the course of our audit period due to unreliable meter readings. Before sending out bills, the Clerk reviewed the reasonableness of the beginning and ending meter readings and the associated use (ending reading minus beginning reading). For example, she reviewed reports identifying customer accounts with no ending meter readings and customers with significant fluctuation in use as compared to historical trends.

The Clerk also reviewed a report identifying meter readings with no corresponding customer account existing in the billing records. She forwarded reading exceptions to the water operator for follow up to determine whether there was a problem with the meter or another reading was necessary. The Clerk told us that the water operator sometimes identified a mechanical issue with the meter or found that he inadvertently programmed the meter with the incorrect multiplier.¹¹

However, the Clerk further told us that on many occasions, the water operator informed her that no problems or issues were identified with a particular meter. In these instances she would estimate the water use based on an average from prior history, bill the same use as the previous quarter or bill no use because the meter reading did not increase during the quarter.

We reviewed the beginning and ending water meter readings, and the associated water use during our audit period and found several instances of unreasonable meter readings. For example, we identified meter readings in which the ending reading was lower than the beginning reading. We also found excessive

¹¹ The Town's online meter reading software was programmed to obtain a certain number digits when the water operator remotely (by vehicle) captured the meter readings. After the operator downloaded the readings into the computerized billing software, a multiplier (e.g., 100, 1,000, or 10,000) was then applied by the software to the meter readings to calculate water use (volume).

increases within readings, which could be indicative of incorrect multipliers being applied to water use. In most of these instances we found that the Clerk had adjusted the recorded water use before sending the bill to the customer (Figure 1).

Figure 1: Examples of Unreasonable Water Meter Readings (in gallons)

Property Type	Beginning Meter Reading	Ending Meter Reading	Calculated Water Use	Water Use Billed ^a
Residential	330,600	516,200	185,600	5,000
Apartments	96,000	78,300	(17,700)	20,300
Residential	17,800	188,000	170,200	10,000
Residential	561,200	19,600	(541,600)	19,600
Residential	46,800	582,000	535,200	18,000

^a Estimated water use as billed by the Clerk

The Board did not adopt any written policies or procedures that addressed adjustments to water meter readings and billings. In addition, the Clerk did not prepare any reports for the Supervisor or Board showing the estimated water billings each quarter and there was no independent review and approval of the Clerk's water use estimates or adjustments. Therefore, it is difficult for the Board to assess how often these adjustments are being made and evaluate them for reasonableness.

The Supervisor and another Board member told us that the Clerk communicated her concerns to them regarding unreasonable meter readings. As a result, officials engaged an outside consultant to evaluate the meter reading and billing programs. Officials and the consultant told us that the consultant surveyed the Town infrastructure and found no significant leaks within the water district.

In addition, the consultant evaluated the functionality of the program and determined that the primarily reason for unreasonable meter readings was due to the water operator applying incorrect multipliers to the meter readings, which caused the recorded water use for some customer bills to be under or overstated. The consultant also found that the water operator did not capture the ending meter readings when replacing meters resulting in no beginning meter reading being recorded for the new meter.

After the consultant's review, officials took steps to help improve the billing process. For example, during our fieldwork, the water operator began capturing the entire meter reading and no longer uses a multiplier. These changes have appeared to minimize the prior issues experienced with incorrect water use. In addition, the consultant told us that the water operator has examined the water meters at each property location to ensure that the meter information is properly

transmitting to the reading device and that this information corresponds to the correct customer account in the billing program.

As a result of this effort, the water operator identified three meters, for water users in apartment units, which did not have a customer account and were therefore not being billed for water use. Town officials were unable to provide us with reliable information to quantify the water use for these customers. Although we verified that these users are now being billed, officials are unaware of the amount of revenue the Town lost by not billing these users during the audit period.

When procedures are not in place to ensure meter readings are accurate, the Town is susceptible to loss of revenues due to water use that is not billed or customers may be overcharged for water they did not use.

What Do We Recommend?

The Board should:

1. In consultation with legal counsel, review the water and sewer ordinances and amend them as appropriate to ensure the ordinances clearly specify and define all charges imposed on property owners within the districts and the ordinances meet all applicable laws.
2. In consultation with legal counsel, review sewer and water charges and, if appropriate and permitted by law, refund or seek recovery of charges that were incorrectly calculated by the Town.
3. Establish policies and procedures to ensure that accurate information is maintained on each property, and is periodically compared to the Town's billing records to verify all users are billed in accordance with the ordinances.
4. Establish policies and procedures to ensure the Board or other designated official reviews and approves estimated billings and adjustments to billings.

The Board and Town officials should:

5. Ensure meter readings are accurate and reliable and follow up on discrepancies.

Appendix A: Response From Town Officials

SUPERVISOR

Brent H. Sweet

Town Clerk
Jessica Hudon

Supt. of Highways

Mike Tibbles

Deputy Clerk
Cheri VanBroeklin



OF THE THOUSAND ISLANDS

TOWN OF ALEXANDRIA

COUNTY OF JEFFERSON

46372 CO ROUTE 1

ALEXANDRIA BAY, NEW YORK 13607

PHONE 315/482.9519 FAX 315/482.6342

TDD 800/662.1220

TOWN JUSTICE

Todd Gorman

David Cortright

Deputy Supervisor

Ronald Thomson

Director of Finance

Michael Fayette

COUNCIL MEMBERS

John Stine

ATTORNEY

Robert Slye

James VanCour

Barclay & Damon

Appendix A: Response from Town Officials to Report of Examination of Redwood Water and Sewer District Charges 2019M-90

The Town of Alexandria is in receipt of Draft Report 2019M-116, issued in connection with OSC's audit designed to "determine whether the Town billed charges in the Redwood Water and Sewer Districts in accordance with Town ordinances." In reviewing the Draft Report, it seems clear that the Town has many long-standing structural issues with each of its water and sewer ordinances themselves which, if corrected, will not only bring the ordinances into compliance with State law, but make its billings more understandable and supportable. The Town Board agrees with the essential finding that the issue of the assignment of appropriate charges, fees, or rates, essentially throughout each of its water and sewer ordinances, must be addressed; that verification of appropriate billings in accordance with the amended ordinances is essential to fair treatment of the Town's water and sewer customers; and that monitoring of the accuracy of its water metering system must be routine and thorough. The current Town Board, which continues to wrestle with the fallout of the long-standing structural problems, believes that OSC's report will be extremely helpful in addressing each of these matters in the coming weeks and months. Indeed, as a result of discussions with the auditors themselves, during their audit, the self-analysis and corrective work has already begun.

The Town of Alexandria water and sewer ordinances did not clearly identify different types of users. The definitions in each ordinance need to be more specific and detailed. For example, the Redwood sewer ordinance did not accurately define vacant parcels or residential users. The Redwood sewer ordinance was adopted on 05/06/1992 and then amended on 09/02/1992. On May 30, 2018 the town board amended the ordinance changing user classifications and fees for apartments, townhomes, unbuildable lots and vacant/buildable lots. Numerous changes need to be done in the town's other districts ordinances. The comptroller's auditors that were at the town doing the examination asked town personnel on numerous occasions the definition or interpretation of many areas of the existing ordinances. The OSC auditors/examiners got many different answers from town officials and employees. Those different answers from the Town personnel, reinforces the OSC's opinion that "the ordinances need to be updated to clearly define and specify all revisions". The OSC stated that the Redwood "sewer ordinance did not conform to town law and General Municipal Law (GML)" which demonstrates that district ordinance amendments are needed.

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20250-9410 or call (800) 795-5272 or (202) 720-6382(TDD)

SUPERVISOR

Brent H. Sweet

Supt. of Highways

Mike Tibbles



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46372 CO ROUTE 1

ALEXANDRIA BAY, NEW YORK 13607

PHONE 315/482.9519 FAX 315/482.6342

TDD 800/662.1220

Town Clerk

Jessica Hudon

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Todd Gorman

David Cortright

ATTORNEY

Robert Slye

Barclay & Damon

Deputy Supervisor
Ronald Thomson
Director of Finance
Michael Fayette
COUNCIL MEMBERS

John Stine
James Varricour

There are two key developments by the OSC and their legal department. The first is that "a user fee must bear a direct relationship to the cost of providing the service". In laymen's terms the comptroller's interpretation is that if a resident is in the district and is NOT hooked up then they CANNOT be charged a user fee.

The second important development from the examination by the OSC is that a benefit assessment must be charged to all in the district (if the ordinance so directs) and that benefit assessment must be clearly defined in the district's ordinance. It is extremely interesting that the OSC states "there is no provision in Town Law that allows the Town to charge benefit assessments in the manner provided in the town's ordinance, which appears to charge vacant and unconnected parcels through user fees". The town for years (27 years in Redwood sewer and 12 years Redwood water) has not been adhering to General Municipal Law (GML) pertaining to user fees and benefit assessment. For example, the town has been billing the benefit assessment quarterly (since 1992) and according to General Municipal Law of New York it must be billed annually on the yearly tax bill.

In 2018 the town did a complete audit/examination of all town water meters and accounts in four water districts. All the meters were re-programmed to read using the same multiplier. Previously the town water meters were using five different multipliers. Currently a town board member enters all water consumption on a spreadsheet to compare new readings to old readings, looking for any abnormalities. Also, the water district operator is taking all water meter readings weekly and entering that weekly data on a spreadsheet. In October of 2019 the town reviewed every water and sewer bill in every district for accuracy and entirety.

In conclusion the Town of Alexandria officials feel the OSC's report of examination (2019M-90) is a very concise, detailed document that will be a useful tool to ensure that updated ordinances are in place with the proper verbiage.

With Appreciation; The Town of Alexandria Town Board

Town of Alexandria Supervisor

12/3/19

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Appendix B: Audit Methodology and Standards

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 objective¹² and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials and employees to gain an understanding of how residents are charged for water and sewer services. We also interviewed the water consultant to gain a better understanding of how meter readings are recorded to track customer water use, and to determine the steps taken by the Town to verify the readings are reliable.
- We reviewed the Board-adopted water district and sewer district ordinances and Board minutes to identify the charges the Board authorized for each district. We consulted with OSC's legal department concerning the propriety of certain charges specified in the ordinances.
- We reviewed the original sewer district site plan drawings to identify which properties have sewer service available. We also reviewed the County Tax ID Map to identify the lineal feet of property frontage and calculate benefit assessment charges.
- We used our professional judgment to select a sample of 70 properties located in the water and sewer districts and reviewed all quarterly billings for our audit period to determine whether the Town billed charges in accordance with the ordinances. For our sample, we selected 59 properties based on property classifications or other factors that made them susceptible to improper billings. We also selected all eleven properties owned by Town officials in the districts and reviewed their billings because they posed a higher risk of not being billed in accordance with the ordinances.
- We scanned water meter readings for all customers during the audit period to identify examples of questionable or unreasonable readings.
- We compared the volume of water supplied from the Village to the volume of water metered and billed to the water district customers during the audit period to determine whether the difference was reasonable.

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

¹² We also issued a separate audit report, *Town of Alexandria – Water and Sewer District Financial Condition* (2019M-116).

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.

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 Town Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas
www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems
www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management
www.osc.state.ny.us/localgov/pubs/listaccfg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans
www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders
www.osc.state.ny.us/localgov/pubs/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/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers
www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics
www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236
Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov
www.osc.state.ny.us/localgov/index.htm
Local Government and School Accountability Help Line: (866) 321-8503

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