



Town of Hancock Transfer Station Operations

Report of Examination

Period Covered:

January 1, 2015 — December 31, 2015

2016M-255



Thomas P. DiNapoli

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State of New York

Office of the State Comptroller

Division of Local Government and School Accountability

October 2016

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 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 Hancock, entitled Transfer Station Operations. 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 and recommendations are resources 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 Hancock (Town) is located in Delaware County (County) and has approximately 3,000 residents. The Town encompasses the Village of Hancock. The Town is governed by an elected five-member Town Board (Board) which is composed of four Council members and a Supervisor. The Board is the legislative body responsible for the general management and control of the Town's financial affairs. The Supervisor serves as the chief executive and chief fiscal officer and is generally responsible for the administration and supervision of the Town's day-to-day fiscal operations.

The Town operates a transfer station for Town residents and the Town of Tompkins residents, financed by the sale of scrap metal, sale of stickers to the users of the service and annual contract payments from the Town of Tompkins. Costs include payroll, utilities and charges from the County for accepting construction and demolition debris that exceed 10 percent of quarterly intake.¹ In 2015, the Town collected revenues of \$11,600 and expended \$57,100 for transfer station operations.

Objective

The objective of our audit was to determine if transfer station operations were self-sufficient. Our audit addressed the following related question:

- Did Town officials ensure transfer station revenues were sufficient to finance the services provided?

Scope and Methodology

We examined the Town's transfer station operations for the period January 1, 2015 through December 31, 2015.

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.

Comments of Local Officials and Corrective Action

The results of our audit and recommendations 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 recommendations and indicated they planned to initiate corrective action.

¹ The County charges quarterly for construction and demolition debris that exceeds 10 percent of total intake based on tonnage.

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 forwarded 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 this plan available for public review in the Town Clerk's office.

Transfer Station

The Town operates a transfer station for Town residents and Town of Tompkins residents. To be equitable to Town residents and users of the service, Town officials are responsible for periodically reviewing service rates to ensure that the transfer station is self-funding and that the rate structure is based on usage of transfer station services. Town officials are also responsible for minimizing the costs of operation.

Town officials are not ensuring that transfer station revenues are sufficient to cover the costs of operating the transfer station. Users of the station must obtain a sticker from the Town Clerk at an annual cost of \$5 in 2015 and \$10 in 2016. Additionally, the Town of Tompkins pays the Town \$2,200 annually for its residents to use the transfer station. In 2015, the Town collected total revenues of \$11,600, including scrap sales of \$5,300, sticker sales of \$4,100 and the \$2,200 payment from the Town of Tompkins, but expended \$57,100 for transfer station operations. As a result, Town residents subsidized transfer station operations.

Town officials have expressed an interest in increasing transfer station revenues to make operations more self-sufficient. However, Town officials charge a flat sticker fee to all types of users, whether commercial or residential, that is not based on usage, such as weight or volume. As a result, they do not track the number, residency or types of users at the facility, nor do they have any mechanisms in place to measure the intake through volume, size, count or weight. Consequently, Town officials do not know whether the current flat fee structure is equitable between high and low use customers or the extent to which the Town is subsidizing Town of Tompkins residents and commercial haulers. To make the transfer station self-sufficient with approximately 800 users, the price of transfer stickers would have to increase to at least \$62 per year to generate \$49,600 of sticker revenue, which when added to the scrap sales of \$5,300 and \$2,200 from the Town of Tompkins would cover the 2015 operating costs. Other alternatives would be to increase the fee for commercial users by a greater amount in order to keep individual sticker fees less than \$62. Changing the sticker fees would shift the cost of the transfer station from Town taxpayers to the transfer station users and help the transfer station be self-sufficient.

Lastly, refuse intake is sold as scrap to private companies or transferred to the County landfill. The County does not charge a separate fee to the Town for this service unless construction and demolition debris exceeds 10 percent of quarterly intake.

Recommendations

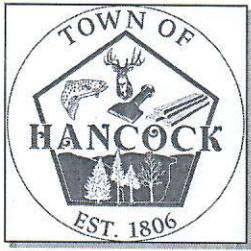
Town officials should:

1. Consider a fee structure that is equitable to all users that sufficiently supports transfer station operations.
2. Reevaluate the Town of Tompkins' contract payment if the fee structure is not changed to increase sticker fees to distribute costs to users.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

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



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Samuel N. Rowe Jr., Supervisor

Ann Green, Town Clerk

William A. Vernold, Deputy Supervisor
James M. Gardner, Councilman
Paul A. Vetrone, Councilman
Patrick J. O'Brien, Councilman

Leonard E. Sienko Jr., Attorney
Neil Emerich Superintendent

[REDACTED]
Division of Local Government and School Accountability

RE: OSC Audit – Town of Hancock

Dear [REDACTED]

The Town of Hancock accepts and agrees with the findings of the OSC Audit concerning our Transfer Station operation and permit fee structure.

The Town Board of the Town of Hancock has been informed of the findings and we will be collaborating on a solution that will be more equitable to the taxpayers.

The Town of Hancock will be responding with the corrective actions to be put in place in the near future.

I would like to thank your staff for the professionalism they demonstrated during this process.

Respectfully,

Samuel N. Rowe Jr., Town of Hancock Supervisor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to determine if the transfer station operations were self-sufficient for the period January 1, 2015 through December 31, 2015. To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Town and County officials to gain an understanding of transfer station operations.
- We analyzed the revenue structure and expenditures of the transfer station to determine if operations were self-sufficient.
- We reviewed receipts of sold scrap and intake data from the County to estimate the total intake at the Town's transfer station.

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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