



Town of Alexandria

Misappropriation of Cash Receipts

Report of Examination

Period Covered:

January 1, 2012 — December 31, 2013

2015M-159



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	3
Scope and Methodology	3
Comments of Local Officials and Corrective Action	3
MISAPPROPRIATION OF CASH RECEIPTS	5
Cash Receipts	9
Board Oversight	11
Recommendations	12
APPENDIX A Response From Local Officials	13
APPENDIX B Audit Methodology and Standards	16
APPENDIX C How to Obtain Additional Copies of the Report	18
APPENDIX D Local Regional Office Listing	19

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

March 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 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 Alexandria, entitled Misappropriation of Cash Receipts. 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 Alexandria (Town) is located in Jefferson County (County) and has a population of approximately 4,100 residents. The Town provides services to its residents, including street maintenance and improvements, snow removal, parks and recreation, water and sewer services, waste and recycling disposal and general government support. The Town's appropriations for the 2014 fiscal year were approximately \$3.7 million, funded primarily with real property taxes, sales tax, State aid and user fees. The Town is governed by the Town Board (Board), which is composed of the Town Supervisor (Supervisor) and four Board members. The Board is responsible for the general management and control of Town finances, including the oversight of department heads and department finances. The Supervisor, who serves as the Town's chief fiscal officer, is responsible for maintaining the Town's accounting records.

The elected Town Clerk (Clerk) collects fees for licenses, permits, vital statistics and water and sewer services. The Clerk also serves as the Town's Tax Collector and collects both Town and County real property tax payments in that capacity. In addition, the Clerk receives moneys from other Town officials including the transfer site attendant, arena director, youth program director and Supervisor. The Clerk deposits these moneys into the Town's general fund bank account on behalf of the Supervisor. The Clerk writes the revenue source on each duplicate deposit slip and provides the deposit slip to the bookkeeper, who records the revenues in the financial records.

A Deputy Clerk (Deputy) assists the Clerk with performing some of her duties and is mainly responsible for collecting, recording and depositing water and sewer payments. Although the Deputy accepts Clerk fees and moneys from other departments, the Clerk is generally responsible for preparing and making these deposits.

The former Clerk, who had been in that position for 36 years, took a leave of absence starting December 25, 2013. In February 2014, she returned to work a few days each month until she retired effective June 29, 2014. During this time, the Deputy carried out most of the day-to-day duties of the Clerk's office, including preparing and making bank deposits and recording receipts.¹

Following the former Clerk's retirement in June 2014, Town officials became aware of two unrecorded bank deposits totaling \$20,000. The bookkeeper identified the first deposit when reconciling the Town's

¹ After the Clerk retired, the Board appointed the Deputy to the position of Clerk.

June bank balances. Town officials followed up with the bank and found that the former Clerk made a \$13,000 deposit into the Town's general fund bank account on June 30, 2014, the day after she retired. Over two months later, on September 8, 2014, the bank alerted Town officials to the fact that the former Clerk had deposited another \$7,000 into the Town's bank account on that day. Deposit records show that both of these deposits consisted entirely of cash. Town officials found these deposits to be suspicious because the Deputy had primarily taken over the responsibility of preparing and making bank deposits in late December 2013 and the former Clerk had not generally performed this function since that time. The Deputy was not aware of these deposits and the former Clerk did not provide the deposit slips to the bookkeeper to record in the Town's accounting records, as was the standard procedure. Upon learning of these deposits, the Board requested that we initiate an audit.

Objective

The objective of our audit was to examine the former Clerk's records and financial practices. Our audit addressed the following related question:

- Did the former Clerk properly record cash receipts and make deposits in a timely and intact manner?

Scope and Methodology

We examined the former Clerk's records from January 1, 2012 through December 31, 2013. We extended our scope for transfer site fees back to January 1, 2009.

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

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 Clerk's office.

Misappropriation of Cash Receipts

It is the Clerk's duty to safeguard all moneys received and to perform the functions of the Clerk's office in a forthright and honest manner. To fulfill this duty, the Clerk must record cash receipts and must deposit all moneys received intact and in a timely manner. All cash receipts should be deposited in the same amount and form as received and should be recorded and deposited in a manner consistent with New York State Town Law (Town Law). It is the Board's duty to oversee the Town's financial affairs, including those of the Clerk, other officials and employees. Board oversight is essential to ensure that appropriate records are maintained and cash receipts are properly accounted for.

The former Clerk retired on June 29, 2014 but made two cash deposits totaling \$20,000² into the Town's general fund bank account after her retirement. Town officials found these deposits to be suspicious, in part, because the former Clerk had only been working at the Town a few days each month since February 2014 and the Deputy had generally been preparing and making the bank deposits during the six months leading up to the former Clerk's retirement. The Board requested that we conduct an audit of the former Clerk's records. We examined the former Clerk's records through December 2013, when she was working full-time for the Town and handling most of the recordkeeping and depositing duties for her office.

We found that the former Clerk did not properly record all cash receipts and did not deposit all moneys received intact and in a timely manner. The former Clerk received at least \$36,742 from January 1, 2009 through December 31, 2013 that was not deposited into a Town bank account and could not be accounted for. We also found the Board did not provide adequate oversight, including adopting written policies or procedures for the handling of cash receipts and performing an audit of the financial records of the Clerk and other departments. Figure 1 shows the cash shortage by revenue source. We have referred our report to the Jefferson County District Attorney's Office for further review.

² The Clerk deposited \$13,000 cash on June 30, 2014 and \$7,000 cash on September 8, 2014.

Figure 1: Identified Shortage as of December 31, 2013 ^a	
Revenue Source	Amount
Transfer Site Fees	\$26,285
Arena Fees	\$9,841
Clerk Fees	\$1,245
Real Property Taxes	\$892
Subtotal	\$38,263
Less: Undeposited Cash ^b	\$1,418
Less: Unidentified Overages ^c	\$103
Total Shortage	\$36,742

^a We tested transfer site receipts from 2009 through 2013 and tested other receipts from 2012 through 2013.

^b Cash that the Deputy found in the Clerk's safe after the former Clerk took a leave of absence starting December 25, 2013

^c The former Clerk deposited certain revenues in excess of what we could determine she was accountable for. In 2012, we found \$63 of unidentified moneys in the former Clerk's real property tax account and \$40 of unidentified moneys in the general fund bank account labeled as youth program revenue that could not be traced to a youth program receipt.

Transfer Site Fees – The former Clerk received moneys from various Town officials and deposited the moneys into the Town's bank account on behalf of the Supervisor.³ One official was the transfer site attendant. Town residents purchased tickets in various denominations based upon the amount of garbage they wanted to leave at the Town's transfer site. These ticket fees were collected on a daily basis by the transfer site attendant, who recorded the daily collections in a log maintained at the transfer site. The transfer site attendant also prepared daily activity reports summarizing the press numbered tickets sold and remitted the activity reports along with the moneys collected to the former Clerk's office for deposit. The former Clerk maintained her own transfer site cash receipts log which listed the amount of transfer site fees received from the transfer site attendant on a daily basis. The former Clerk maintained this log from at least May 2002 through October 2009; however, the only records available after that time period were from January through October 2013. By comparing the former Clerk's 2013 log of transfer site moneys received to the transfer site attendant's log of fees collected, we established that the transfer site attendant's log was representative of the amount of transfer site moneys remitted. We compared the total amount of transfer site fees collected from January 1, 2009 through December 31, 2013 as per the transfer site attendant's log to the amount of

³ For purposes of this audit, we make no comment on the propriety of the Clerk, rather than the Supervisor, making these deposits.

revenues in the general ledger⁴ and corresponding deposits made by the former Clerk and found that revenues and deposits were \$26,285 short the amount of fees remitted to the Clerk's office from 2009 through 2013.⁵

Arena Fees – The former Clerk also received moneys from the arena director. The Town had a municipal arena where fees were collected for ice time rental, skating and bumper cars. Fees were collected on a daily basis and given to the Clerk's office on the following day. The arena director retained copies of press numbered duplicate receipts which were issued to him when he remitted arena fees to the Clerk's office. We compared the total amount of arena fees collected and given to the Clerk's office in 2012 and 2013, as evidenced by the receipts issued, to the amount of revenues in the general ledger⁶ and corresponding deposits made by the former Clerk and found that revenues and deposits were \$9,841 less than the amount of fees the arena director remitted to the Clerk's office. This shortage primarily occurred in 2013.⁷

Clerk Fees – The Clerk collects payments for dog licenses, marriage licenses, conservation licenses and Town vital statistics.⁸ Generally, all fees received by the Clerk are the property of the State, County or Town. Clerk fees are collected on a daily basis and are required to be paid to these agencies each month. We performed an accountability analysis, comparing known assets to known liabilities, and found that on December 31, 2013 the Clerk's cash assets were \$1,245 less than known liabilities.

⁴ To ensure that the transfer site revenues recorded in the general ledger were accurate, we traced from bank deposit slips (on which the former Clerk recorded the revenue source) to the general ledger and vice versa. We adjusted the revenue balance for any errors or omissions identified, prior to comparing it with the available departmental receipt records.

⁵ \$595 of this shortage was associated with the substitution of checks for cash. Refer to the section entitled Substitution for additional information.

⁶ To ensure that the arena revenues recorded in the general ledger were accurate, we traced from bank deposit slips (on which the former Clerk recorded the revenue source) to the general ledger and vice versa. We adjusted the revenue balance for any errors or omissions identified, prior to comparing it with the available departmental receipt records.

⁷ Only \$8 of this shortage is attributable to 2012.

⁸ Vital statistics fees are charged for copies of birth and death certificates.

Figure 2: Identified Shortage of Clerk Fees as of December 31, 2013

Known Liabilities		Amount
Due to the Village ^a		\$840
Due to the Town		\$669
Due to the County		\$196
Due to the State		\$143
Total Liabilities		\$1,848
Known Assets		
Undeposited Cash on Hand ^b		\$420
Bank Balance		\$183
Total Cash Assets		\$603
Total Shortage of Clerk Fees		\$1,245
<p>^a The former Clerk was also the registrar of vital statistics for the Village of Alexandria Bay. It was the former Clerk's normal practice to turn the cash and checks collected over to the Village Treasurer for deposit into the Village bank account. These amounts were Village checks deposited into the former Clerk's Town Clerk account in lieu of Town cash not deposited.</p> <p>^b Because a cash count was not performed on December 31, 2013, we calculated this amount by totaling all Clerk fees received from the date of the former Clerk's last deposit on December 9, 2013 through December 31, 2013.</p>		

Real Property Taxes—The Clerk also serves as the Town's Tax Collector and collects both Town and County real property tax payments in that capacity. The Clerk is accountable for all tax moneys collected. At the end of the collection period, the Clerk is required to settle with the County Treasurer and must account for the taxes collected, amounts remitted to the Supervisor and County Treasurer, any adjustments to the tax roll and the taxes that remain unpaid. The Clerk must also turn over all surcharges and penalties collected for delinquent real property taxes to the Supervisor and County Treasurer.⁹ We analyzed the 2012 and 2013 tax collection seasons and determined that the former Clerk's known cash assets were \$892 short of tax liabilities for 2013.¹⁰ This shortage occurred because the former Clerk failed to remit the correct amount of interest and penalties to the Supervisor and County Treasurer. No moneys remained in the tax collector's

⁹ Residents can pay their taxes in full or over time by installment payments. Penalties collected on late payments in full must be turned over to the Supervisor. Penalties collected on late installment payments must be turned over to the County Treasurer.

¹⁰ Our analysis of the 2012 tax collection season found that the former Clerk's assets exceeded liabilities by \$63. We subtracted this amount from the total shortage identified: see Figure 1.

bank account as of December 31, 2013 to pay off the outstanding liabilities.¹¹

Substitution – The shortage of transfer site fees and Clerk fees, as discussed previously, was partly the result of a check substitution scheme perpetrated by the former Clerk. Substitution involves not recording receipts that are paid by check and then substituting the unrecorded checks for receipts paid in cash. Substitution allows receipt records to agree with bank deposits in total, because when receipts paid in cash are taken from the original deposits they are replaced by unrecorded checks. We reviewed the supporting detail of the deposit compositions associated with transfer site fees and Clerk fees and found \$1,455 in checks from other revenue sources deposited in place of fees that were not deposited – specifically, \$404 in Clerk fees and \$191 in Village vital statistics fees deposited in place of transfer site fees, a \$20 donation to the youth program and \$840 in Village vital statistics fees deposited in place of Clerk fees.¹² Furthermore, although it was the former Clerk’s normal practice to remit the cash and checks collected for Village vital statistics directly to the Village Treasurer to deposit, the former Clerk’s last payment to the Village, prior to her retirement, was a \$1,172 check written from the former Clerk’s personal bank account. We attempted to determine the amount of Village vital statistics fees the former Clerk was accountable for during our audit period. However, due to the poor condition¹³ of the Clerk’s receipt records for Village vital statistics, we could not determine the amount of Village registrar fees the Clerk actually collected or whether the \$1,172 personal check she wrote to the Village represents all the fees collected by the Clerk and due to the Village.

Cash Receipts

It is essential for the Clerk to properly account for all transactions. To ensure that specific cash receipts can be traced from the accounting records to the bank statements, all cash receipts must be entered into a suitable book or record and must be deposited intact. While Town Law requires moneys collected to be deposited within certain timeframes, good business practice requires that moneys be deposited daily, or as soon as possible after collection, to reduce the risk of loss or misuse.

The former Clerk did not maintain adequate cash receipt records to account for all the moneys received by the Clerk’s office. While receipt records for real property taxes and water and sewer payments were

¹¹ The former Clerk overpaid the Supervisor \$80 but underpaid the County Treasurer \$972, resulting in a net shortage of \$892.

¹² These amounts were included in the \$26,285 shortage of transfer site fees and \$1,245 shortage of Clerk fees identified previously.

¹³ The Clerk did not keep a log or cash receipts book listing all of the Village vital statistics revenues received on a daily basis.

sufficient, the records for other revenue sources did not provide a clear audit trail that would allow specific cash receipts to be traced through the Clerk's records to specific deposits on the bank statements. For example, the former Clerk did not issue duplicate receipts or record moneys received from the Supervisor in a cash receipts journal; instead, these funds were just deposited in the bank. Although the former Clerk or Deputy issued duplicate receipts to the arena director and youth program director for moneys they remitted to the Clerk's office, the former Clerk generally did not record the receipts in a cash receipts journal¹⁴ or maintain any records to show when she deposited specific receipts. The former Clerk used a computerized program to account for Clerk fees received, but, similar to arena and youth program receipts, she did not identify deposits in her records to show when the receipts were deposited into the bank. Also, the former Clerk maintained a manual log showing daily transfer site receipts from the transfer site attendant; however, this record did not show which daily receipts were included in the transfer site deposits, and it was only available for 10 months in 2012 and 2013.¹⁵

The former Clerk also did not make timely deposits. Clerk fees, transfer site fees and arena fees were deposited as much as 229 days, 87 days and 61 days, respectively, after the date these fees were paid.¹⁶ Real property tax payments were also deposited late. For example, \$3,467 of cash, associated with the 2012 tax collection season, was deposited in January 2013, seven months after the last tax payment was collected. There were also months during our audit period when certain cash receipts were not deposited at all. For example, the former Clerk did not deposit any transfer site fees during May, November and December 2012. In addition, when the former Clerk took a leave of absence starting December 25, 2013, the Deputy found \$1,418 of cash in the Clerk's safe which could not be traced to any specific receipts or revenue source.¹⁷

When moneys are not promptly recorded in cash receipt journals and deposited timely and intact, there is increased risk that moneys could be lost or misappropriated.

¹⁴ An arena cash receipts journal covering September and October of 2012 was available for review, but there was nothing on file for the rest of our audit period. In addition, no youth program cash receipts journals were available for review.

¹⁵ The former Clerk's transfer site cash receipts logs covering January through October 2013 were available for review, but no logs were available for 2012 or November and December 2013.

¹⁶ We obtained deposit compositions from the bank that showed the checks deposited into Town accounts. These late deposits were identified by comparing the check issue dates with the deposit dates.

¹⁷ Because this \$1,418 could not be traced to a particular revenue source we subtracted this amount from the total shortage identified: see Figure 1.

Board Oversight

It is important for the Board to establish written policies and procedures for cash receipts that address the duties, procedures, records and oversight required to safeguard Town funds. In addition, Town Law requires the Board to conduct or obtain an annual audit of the records and reports of any Town officer or employee who received or disbursed moneys on behalf of the Town in the preceding year. The Board should monitor the Town's financial affairs by reviewing the Supervisor's monthly reports to the Board and should follow up on any inconsistencies or large variances between budgeted amounts and actual amounts.

The Board has not adopted written policies or procedures establishing the responsibilities and duties of Town employees and officials for collecting, recording and depositing cash receipts. In addition, the Board does not conduct or obtain an annual audit of the records and reports of Town officers and employees who collect or disburse Town moneys, including the Clerk, transfer site attendant, arena director or Supervisor. Although the Board engaged the services of an Independent Auditor to review the controls surrounding the cash receipts and cash disbursements functions at the Town for 2010, this engagement was a consultation¹⁸ and did not fulfill the Board's annual audit requirement. Testing was limited to certain cash disbursement transactions, and, according to the management letter and report issued to the Board, the auditor did not review or test any cash receipts. Had the Board members conducted a review of the former Clerk's records and reports, they may have realized that the former Clerk did not maintain adequate cash receipts records and that she did not make deposits in an intact or timely manner. Additionally, had the Board members reviewed the financial records of the transfer site attendant, arena director and Supervisor, as a part of their annual audit, they may have discovered discrepancies between cash receipts received and recorded.

Although the Board did receive a report, prepared by the bookkeeper each month on behalf of the Supervisor, which listed the cash receipts received for the month and year-to-date revenues and budget-to-actual variances, the Board did not notice that cash receipts were missing during certain months within our audit period.

- No transfer site fee revenues were reported as received during May, November and December 2012, even though the transfer site was open five days per week and fees were given to the former Clerk on an almost daily basis.

¹⁸ The management letter and the report stated that the firm "performed specific consulting procedures" related to the Town's 2010 fiscal year.

- No Clerk fees were remitted or reported during February, April and December 2012 and February 2013, even though a portion of the Clerk fees collected each month must be remitted to the Town the following month.
- No interest and penalties on 2012 and 2013 real property taxes were reported until December of each year,¹⁹ even though the former Clerk should have remitted penalties levied on the late payment of property taxes to the Supervisor in July each year, after the collection period ended in June each year.

Had the Board members adopted policies and procedures for cash receipts, performed an annual audit of all Town departments and conducted thorough reviews of the Supervisor's monthly reports, they may have become aware of the former Clerk's misappropriation sooner.

Recommendations

The Board should:

1. Take appropriate action to recover any moneys due the Town.
2. Ensure that the Clerk maintains cash receipts journals showing all moneys received, including the dates, payees, amounts and forms of payment received (e.g., cash, check, etc.) and the amounts and dates of the related deposits.
3. Ensure that the Clerk deposits all cash receipts intact and in a timely manner.
4. Adopt written policies and procedures establishing the responsibilities and duties of Town employees and officials for collecting, recording and depositing of cash receipts.
5. Annually audit, or obtain an annual audit of, the financial records and reports of all Town officers and employees who receive or disburse moneys on behalf of the Town.
6. Monitor the Town's financial activity by reviewing the Supervisor's monthly reports to the Board and follow up on any significant variances or discrepancies between budgeted and actual amounts.

¹⁹ The penalties associated with the 2012 tax collection season were not actually deposited into the Supervisor's account until January 9, 2013; however, these penalties were included on the December 2012 report to the Board.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

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

TOWN JUSTICE
Louis H. Perry, Jr.
Sherry Pennington

 OF THE THOUSAND ISLANDS
TOWN OF ALEXANDRIA

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Jerry Durand

ATTORNEY
Joseph W. Russell

February 28, 2016

Office of the State Comptroller
110 State Street, 15th Floor
Albany, NY 12236

RE: Town of Alexandria 2015M-159

To Whom It May Concern:

In reply to your report of examination for the Town of Alexandria covering the period of January 1, 2012 through December 31, 2013, we offer the following written response to the draft audit report:

Responses to OSC Recommendations:

1. We agree with the recommendation that the Town Board take appropriate action to recover any moneys due to the Town. The former Town Clerk has been charged with third-degree grand larceny for allegedly stealing public funds. The Town is working closely with its legal counsel, the New York State Police, and the Jefferson County District Attorney in connection with matter.
2. We agree with the recommendation that the Town Clerk maintain cash receipts journals that detail all monies received, including the date, payee, amount and form of payment; and also maintain the amount and date of the related deposits. It is the current practice of the newly elected Town Clerk to maintain a detailed cash receipts journal and documentation of the related bank deposits to ensure a proper audit trail of each transaction is maintained.
3. We agree with the recommendation that the Town Clerk deposits all cash receipts intact and in a timely manner. It is the current practice of the newly elected Town Clerk to deposit all cash receipts in accordance with Town Law to reduce the risk of loss or misuse.

4. We agree with the recommendation that the Town Board adopt written policies and procedures establishing the responsibilities and duties of Town employees and officials for collection, recording and depositing of cash receipts. The Town is considering engaging with a local Certified Public Accounting firm that has experience in governmental accounting policies and procedures to develop an accounting procedures manual focusing on internal control procedures and detailing responsibilities and actions Town employees and officials are to take in order to formally address this deficiency.
5. We agree with the recommendation that the Town have an annual audit of the Town's financial records and reports of all the Town officers and employees who receive or disburse moneys on behalf of the Town. The Town currently has engaged an independent certified public accounting firm to perform an annual audit of the Town's financial records of all the Town officers and employees who receive or disburse moneys on behalf of the Town.
6. We agree with the recommendation that the Town Board monitors the Town's financial activity by reviewing the Supervisor's monthly reports to the Board and follow up on any significant variances or discrepancies between budget and actual amounts. The Town currently has engaged a local Certified Public Accounting firm that prepares the monthly financial reports including budget comparison reports that are distributed to the Town Board for their monitoring of the Town's fiscal condition.

Respectfully yours,

Sherry A. Furgison, CPA
Certified Public Accountant

Dale Hunneyman

Town Supervisor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to examine the records and financial practices of the Clerk and assess whether moneys were properly accounted for from January 1, 2012 through December 31, 2013. We extended our scope for transfer site fees back to January 1, 2009.

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

- We interviewed Town officials and employees to gain an understanding of the Clerk's practices for collecting, recording, depositing, remitting and reporting moneys collected and received.
- We reviewed all available cash receipt records maintained by the Clerk to determine if they were adequate and contained a level of detail necessary to determine the dates, amounts and forms of payment received (e.g., cash, check, etc.) and when moneys were deposited.
- We obtained information on payments made from the State and County to the Town and verified that payments totaling \$2,190,868 were deposited into the Town's bank account.
- We reviewed the deposit compositions of all the deposits into all of the Town's bank accounts, including the Clerk's accounts, for 2012 and 2013 to identify and follow up on checks that could have been substituted in place of cash not deposited.
- We randomly selected 20 customer accounts for water and sewer and traced all payments posted to these accounts during May and August of 2013 to bank statements and deposit compositions to determine if these payments were deposited intact.
- We reviewed an adjustment report for 2013 which showed all of the adjustments made to individual water and sewer accounts during the year to determine if the adjustments were appropriate.
- We selected a sample of 41 checks deposited into the Town's bank account that we considered to be at a higher risk of being substituted in place of other revenues not deposited. We traced these check deposits totaling \$23,721 to the general ledger to determine if they were allocated to the appropriate revenue accounts.
- We interviewed Village officials to determine how the Clerk paid the Village the vital statistics fees she collected. We also reviewed the Clerk's Village cash receipt records to determine if we could establish how much vital statistics revenue the Clerk was accountable for.
- We interviewed the Supervisor, transfer site attendant, arena director and youth program director to gain an understanding of their collection process and the records they maintain.

- We interviewed the Supervisor and Board members to gain an understanding of how the Board provides oversight of the Clerk and other Town officials and employees who handle cash receipts.
- We performed an accountability analysis of real property tax collections in 2012 and 2013 to determine if the Clerk could account for the total amount of tax liabilities due to the Town and County.
- We traced 2012 and 2013 transfer site, arena and youth program deposits to the general ledger to ensure that all deposits were properly recorded. We also traced all transfer site, arena and youth program entries in the general ledger back to deposits to ensure that the general ledger did not contain any amounts not deposited. We adjusted the general ledger as needed, based on our audit testing, and then compared the adjusted general ledger balance to the transfer site, arena and youth program cash receipts given to the Clerk, to determine if all cash receipts were deposited in the Town's bank account.
- We performed a bank reconciliation and prepared an accountability analysis for Clerk fees as of December 31, 2013.
- We compared the dates of the checks in the compositions of deposits to the dates of deposit to determine the number of days between payment and deposit.

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 objectives. 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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