

Town of Farmersville

Justice Court Operations

MAY 2019



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

Contents

- Report Highlights 1**

- Justice Court Operations 2**
 - How Should Justices Account for Court Funds?. 2
 - Fines and Fees Were Properly Accounted For 2
 - Monthly Bank Reconciliations and Accountabilities Were Not Always Prepared. 2
 - What Do We Recommend? 3

- Appendix A – Response From Town Officials 4**

- Appendix B – Audit Methodology and Standards 5**

- Appendix C – Resources and Services. 6**

Report Highlights

Town of Farmersville

Audit Objective

Determine whether Justice Court (Court) fines and fees were properly accounted for.

Key Findings

- Fines and fees were recorded, deposited and reported in a timely manner.
- Monthly bank reconciliations and accountabilities were not consistently prepared.

Key Recommendation

- Prepare monthly bank reconciliations and accountabilities.

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

Background

The Town of Farmersville (Town) is located in Cattaraugus County. The Town is governed by an elected Town Board (Board) composed of a Town Supervisor and four Board members. The Board is responsible for overseeing the Town's operations and finances, including the two elected Justices' cash collection activities.

The Justices are responsible for monitoring and managing Court financial activity and have jurisdiction over certain criminal, civil and small claim matters and motor vehicle and traffic violations.

Quick Facts

Population	1,100
2018 Court Fund Revenues	\$26,000

Audit Period

January 1, 2018 – February 1, 2019

Justice Court Operations

How Should Justices Account for Court Funds?

Justices must maintain complete and accurate accounting records and safeguard all money collected by the court, which includes depositing fines and fees timely and intact. Justices are required to submit monthly reports detailing all fines, fees, surcharges and forfeited bail to the New York State Comptroller's Justice Court Fund (JCF) by the tenth day of the succeeding month.

Justices are also responsible for reconciling collections to corresponding liabilities. On a monthly basis, justices should perform an accountability of funds by preparing a list of court liabilities and comparing it to reconciled bank balances and money on hand and ensuring that any differences are promptly identified and corrected. Court liabilities should equal the cash balance. Accountability analyses are critical procedures to determine the status of money held by the court and help provide assurance that the court is appropriately addressing its custodial responsibility.

Fines and Fees Were Properly Accounted For

We reviewed all fines and fees collected by the two Justices totaling more than \$19,000 from January 1, 2018 through October 22, 2018. We found that fines and fees were generally recorded accurately and deposited timely and intact (in the same amount and form – cash or check – as received). Additionally, all fees received by the Court were remitted and reported in a timely manner. The Justices submitted monthly reports to JCF and remitted all fines and fees to the appropriate parties.

Monthly Bank Reconciliations and Accountabilities Were Not Always Prepared

The Justices did not always prepare monthly bank reconciliations and accountabilities to ensure that all collections were accurately accounted for and that discrepancies were promptly identified and corrected.

For the ten-month period reviewed, Justice Holmes completed bank reconciliations and prepared monthly accountabilities for three months but Justice Krotje did not complete any bank reconciliations or prepare any monthly accountabilities. We prepared an accountability analysis as of October 22, 2018 and found that cash on hand equaled the liabilities substantiated by Court records.

When bank reconciliations and accountabilities are not prepared, there is a risk that unidentified funds can remain on deposit and that errors or irregularities can occur and remain undetected for several months or years.

What Do We Recommend?

1. The Justices should ensure bank reconciliations and accountability analyses are prepared monthly and that any differences are promptly identified and corrected.

Appendix A: Response From Town Officials

TOWN OF FARMERSVILLE

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Supt of Highways
(716)676-5961

05/10/19
Jeffrey D. Mazula, Chief Examiner
295 Main Street
Suite 1032
Buffalo, New York 14203-2510

Dear Sir,

Please accept this as my acknowledgement of receiving the Draft Audit Report for the Town Of Farmersville on April 16th 2019. On this date we also had our exit meeting with our Auditors. Everybody included in this audit was present. We reviewed Draft Audit page by page and we were given plenty of time to ask questions and have discussion as needed.

We all agreed with the findings and have no disputes to file. We were given plenty of documentation to help assist us in the future. We as the Town Board will also pay closer attention when we do our in house audit, this will be a team effort be assured.

We would like to thank our Auditors that conducted our audit for their patients and professionalism. We look forward to working with the Comptrollers office in the future.

Respectfully Yours,

Robert J Karcher
Supervisor, Town Of Farmersville

VALUES
SAFETY-SERVICE-EXCELLENCE-COMMUNICATIONS-INNOVATION-ACCOUNTABILITY

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 objective¹ and obtain valid audit evidence, our audit procedures included the following:

- We interviewed the Justices and reviewed financial records and reports to gain an understanding of the Court's financial operations.
- We performed a cash count on October 22, 2018 to establish a cut-off point for the accountability analysis.
- We reviewed all receipts recorded in the cash receipts journal from January 1, 2018 through October 22, 2018 to determine whether receipts were deposited timely and intact.
- We prepared an accountability analysis for the Justices' bank accounts as of October 22, 2018 to determine whether cash on hand agreed with known liabilities. We traced current bail amounts to Court records and bank statements to determine if recorded bail amounts were accurate for the analysis.
- We inquired to determine whether the Justices completed bank reconciliations and prepared monthly accountabilities.

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.

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 Town Board to make the CAP available for public review in the Town Clerk's office.

¹ We also issued a separate audit report, Town of Farmersville – Town Clerk (2019M-49).

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/listacctg.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

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www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

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