

# Village of Cobleskill

## Misappropriated Funds and Board Oversight

---

JANUARY 2020

---



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

# Contents

---

- Report Highlights . . . . . 1**
  
- Misappropriated Funds and Board Oversight . . . . . 2**
  - How Should the Board Provide Oversight? . . . . . 2
  
  - The Board Failed to Provide Proper Oversight and the Former Clerk-Treasurer Received Inappropriate Payments . . . . . 3
  
  - The Former Clerk-Treasurer Inappropriately Earned, Used and Was Paid For Leave . . . . . 4
  
  - The Former Clerk-Treasurer Inaccurately Calculated Health Insurance Benefits . . . . . 4
  
  - Controls Over Financial Processes Were Inadequate . . . . . 6
  
  - The Former Clerk-Treasurer’s Accounting Records Were in Disarray . . . . . 9
  
  - Conclusion and Subsequent Events . . . . . 10
  
  - What Do We Recommend? . . . . . 10
  
- Appendix A – Response From Village Officials . . . . . 12**
  
- Appendix B – Audit Methodology and Standards . . . . . 13**
  
- Appendix C – Resources and Services . . . . . 16**

# Report Highlights

## Village of Cobleskill

### Audit Objective

Determine whether the Board provided sufficient oversight of the former Clerk-Treasurer.

### Key Findings

- The Board failed to implement proper internal controls and the former Clerk-Treasurer did not adequately perform her duties. As a result, during our audit period, the former Clerk-Treasurer received inappropriate payments totaling \$8,828. This matter has been referred to the Schoharie County District Attorney's Office.
- Financial records maintained by the former Clerk-Treasurer were significantly deficient; the CPA issued a disclaimer of opinion and we were unable to determine whether all water, sewer and refuse receipts were deposited.
- The former Clerk-Treasurer did not calculate health insurance benefits in accordance with the employee handbook.
- The former Mayor was aware of some of these deficiencies, but did not inform the Board.

### Key Recommendations

- Seek reimbursement from the former Clerk-Treasurer as appropriate.
- Develop policies, procedures and records to ensure Village money is safeguarded.
- Obtain appropriate training.

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

### Background

The Village of Cobleskill (Village) is located in the Town of Cobleskill in Schoharie County (County). The Village is governed by an elected Board of Trustees (Board) composed of four Trustees and a Mayor. The Board is responsible for the general management and control of finances and for safeguarding assets.

As the chief executive officer, the Mayor is responsible for day-to-day management under the Board's direction. The Board annually appoints a Clerk-Treasurer, who as chief fiscal officer, is responsible for maintaining custody of all funds, maintaining accounting records, preparing financial reports and collecting, recording and disbursing money.

#### Quick Facts

Population	4,700
Employees	23
2018 General Fund Budget	\$3 million

### Audit Period

January 1, 2016 – June 30, 2017. We extended our audit period to August 1, 2014 to review the former Clerk-Treasurer's disbursements, payroll, benefits and accrued leave.

# Misappropriated Funds and Board Oversight

---

The Village employed the former Clerk-Treasurer during our entire audit period. We presented the deficiencies discussed in this report to the Board. On December 4, 2017, the Board did not reappoint the former Clerk-Treasurer and appointed a new Clerk-Treasurer, who had previously served in that position for 27 years, to begin on April 5, 2018. The current Mayor's term of office began on December 2, 2019.

## How Should the Board Provide Oversight?

The board is responsible for overseeing village financial operations and safeguarding its financial resources. These responsibilities include ensuring that appropriate policies and procedures are established and enforced. Clear guidance on how the board intends to conduct operations is a key component of an organization's control environment. The board also must ensure it receives sufficient information to adequately monitor operations and address any issues or irregularities in a timely manner.

To provide adequate oversight, the board should establish internal controls to ensure that the clerk-treasurer properly bills, collects, records, deposits and disburses all funds for proper purposes, as approved and authorized. The board also must ensure that the clerk-treasurer maintains complete, accurate and up-to-date financial records and reports to help it manage operations. Further, the board should ensure that financial activities are properly segregated so that one employee does not control all phases of a transaction. While the board may establish committees to assist with its fiscal oversight role, committees cannot make formal decisions without the entire board's consent.

The board should ensure the amounts collected, disbursed and recorded in the accounting system agree with the banking activity. To do so, the board should require the clerk-treasurer to issue duplicate receipts (indicating the form of payment received) when no other evidence satisfactory for purpose of audit is available, deposit all money collected intact in the same form as received (cash or check), present a list of claims (abstract) to the entire board with supporting documentation to review and approve before payment, accurately record receipts and disbursements in the accounting records and retain all supporting documentation.

The board should ensure that employees are appropriately and accurately paid by verifying that the clerk-treasurer calculates salaries and wages correctly based on approved rates or collective bargaining agreements, benefits (such as accrued leave and health insurance) are earned and paid in accordance with the employee handbook and payroll records are properly maintained.

The board is required to annually audit the clerk-treasurer's financial reports and supporting records, or provide for such an audit. An audit provides an independent verification that transactions have been properly recorded, cash has

---

been properly accounted for and provides the board with an added measure of assurance that the financial records and reports contain reliable information on which to base financial decisions.

The former Mayor established personnel, finance and highway committees to help the Board oversee finances and operations. The personnel and finance committees were composed of two Trustees (one of whom was the former Clerk-Treasurer's mother-in-law) and the former Mayor. The highway committee was composed of two other Trustees and the former Mayor.

### **The Board Failed to Provide Proper Oversight and the Former Clerk-Treasurer Received Inappropriate Payments**

The Board and the former Mayor did not properly oversee the former Clerk-Treasurer, failed to implement adequate controls over the billing, cash receipts, cash disbursements and payroll processes and did not ensure that the annual audits of the former Clerk-Treasurer's records and reports could be completed, as required.

The lack of oversight allowed the former Clerk-Treasurer to improperly perform her duties. The accounting records maintained by the former Clerk-Treasurer contained serious deficiencies.<sup>1</sup> In addition, the water, sewer and refuse billing system crashed in November 2016 without a backup in place to retrieve past information. As a result, we were unable to determine whether all money collected was deposited. Further, we found numerous errors and irregularities with payroll, health insurance benefits and accrued leave.

The former Mayor was aware of some of these discrepancies but failed to notify the Board and instead allowed the errors and irregularities discussed in this report to continue. Ultimately, the former Clerk-Treasurer received inappropriate payments totaling \$8,828.

**Figure 1: Summary of Misappropriated Funds**

<b>Paid Leave Without Available Accruals</b>	<b>\$5,079</b>
<b>Inaccurate Health Insurance Buyout Payments</b>	<b>\$2,000</b>
<b>Inappropriately Earned and Used Compensatory Time</b>	<b>\$1,312</b>
<b>Inappropriate Health Insurance Deductions</b>	<b>\$437</b>
<b>Total Inappropriate Payments</b>	<b>\$8,828</b>
<b>Less: Amount the former Clerk-Treasurer repaid</b>	<b>\$442</b>
<b>Net Amount</b>	<b>\$8,386</b>

---

<sup>1</sup> See The Former Clerk-Treasurer's Accounting Records Were in Disarray.

---

## **The Former Clerk-Treasurer Inappropriately Earned, Used and Was Paid For Leave**

The former Clerk-Treasurer maintained a calendar to document the hours she worked each day and calculate the extra hours worked each week that she determined were more than the hours specified in her employment contract. In September 2016, the former Clerk-Treasurer started accumulating these extra hours as compensatory time in her accrued leave records. However, Village officials did not approve the calendars or certify that she actually worked the extra hours. Furthermore, the former Clerk-Treasurer, as a department head, was not allowed to earn compensatory time according to the employee handbook.

We found that the former Clerk-Treasurer used this compensatory time for two extended periods of time off instead of reducing her accrued leave. Our review of the former Clerk-Treasurer's payroll records, monthly calendars and accrued leave records from August 1, 2014 through June 30, 2017 disclosed that the former Clerk-Treasurer inappropriately used 236 hours of leave that she did not accrue, valued at \$5,079. In addition, the former Clerk-Treasurer paid herself \$1,312 for 60 hours of compensatory time.

The personnel committee was informed that the former Clerk-Treasurer increased her net pay. The committee sent her a counseling memo on September 9, 2016 stating that it was not acceptable to take such an action without Board approval. The former Clerk-Treasurer explained to the committee that she made errors in previous payrolls for the hours she was scheduled to be paid in accordance with her contract and that the pay increase was to make-up the difference. However, payroll reports showed the pay increase was for the inappropriate compensatory time. The personnel committee did not verify the accuracy of the former Clerk-Treasurer's response or present this issue to the entire Board.

## **The Former Clerk-Treasurer Inaccurately Calculated Health Insurance Benefits**

Health Insurance Deductions – The former Clerk-Treasurer did not ensure that health insurance premiums for herself and other employees were accurately calculated and deducted. We reviewed the former Clerk-Treasurer's payroll records and found that she routinely underpaid her portion of premiums by \$437 from the time she obtained health insurance in March 2016 through March 31, 2017.

We reviewed the premiums deducted for all other employees from January 1, 2016 through June 30, 2017. We found that in 2016, 16 employees overpaid their premiums by a total of \$2,645 and three employees underpaid their premiums

---

by a total of \$282. From January 2017 through March 2017,<sup>2</sup> two employees overpaid their premiums by a total of \$146 and 12 employees underpaid by a total of \$1,162.

The former Clerk-Treasurer stated in correspondence to the personnel committee in December 2016 that she made an error in the calculation of health insurance premium deductions for all employees and that the Village should refund every employee for their overpayments (implying that she also was overpaid). However, because the former Clerk-Treasurer underpaid her health insurance premiums, we question whether the committee reviewed any information presented in the correspondence. Further, the two Trustees who did not serve on the committee were unaware there were any issues with employee insurance premiums.

Health Insurance Buyout – While the employee handbook allows for a buyout of either \$3,000 (family) or \$1,500 (single) for employees that have other health insurance coverage, Village officials historically allowed employees covered by Village insurance through a spouse to still receive a \$1,500 buyout.

We reviewed the former Clerk-Treasurer and her spouse's 2015 and 2016 health insurance buyouts and found that they received \$2,000 more than past practice would entitle them to. Furthermore, another employee who historically received a \$1,500 buyout, inappropriately received \$3,000 in 2016.

Based on information presented to the Board, the personnel committee sent the former Clerk-Treasurer a letter in October 2016 stating that her buyout was not in accordance with past practice and that she should pay back the money. The former Clerk-Treasurer responded that according to her calculations she owed the Village \$500 for this error, \$1,500 less than the amount owed to the Village. The former Clerk-Treasurer further stated that because she overpaid \$588 for health insurance she was "willing to let this amount go and call it resolved."

The former Clerk-Treasurer repaid the Village \$442 on January 10, 2017. However, based on our discussions with the former Clerk-Treasurer and the former Mayor, the reason this reimbursement was made is unclear. We found no evidence that Village officials verified the accuracy of the former Clerk-Treasurer's statements. In addition, one personnel committee member and the other two Trustees were unaware that the former Clerk-Treasurer repaid money to the Village.

---

<sup>2</sup> As of April 2017, the Village paid 100 percent of employees' health insurance premium over the Village's stated cap up to \$3,000. The 2017 caps for employees, except for police officers, were: \$6,000 for single coverage, \$9,000 for two person coverage and \$12,000 for family coverage. For police officers, the 2017 caps for single and two person coverage were the same as other employees, but the family coverage cap was \$13,000. Further, if the cost is more than the cap, the police officer must pay 100 percent of the difference.

---

In March 2017, the Board terminated health insurance buyouts for non-union employees. However, two such employees (including the former Clerk-Treasurer's spouse) each received a \$750 health insurance buyout payment in March 2017. Further, these payments were approved by the former Mayor and paid through payroll instead of a Board-approved abstract, as was previously done.

### **Controls Over Financial Processes Were Inadequate**

Village officials did not ensure that job duties for the former Clerk-Treasurer and account clerk were adequately segregated so that one employee does not control most or all phases of the cash receipts, cash disbursements and payroll processes. As a result, the former Clerk-Treasurer made errors and unauthorized payments to herself that were not detected and corrected in a timely manner.

Cash Receipts – The former Clerk-Treasurer did not always issue, or always require the clerks in her office to issue, duplicate receipts to reflect the form of payment received to ensure that all money collected was deposited intact. In addition, the former Clerk-Treasurer did not have procedures to verify whether the amounts collected and recorded agreed with the banking activity.

The account clerks received money from customers and recorded this information in the various detailed customer accounts. They also recorded such receipts in a daily cash collection report. One clerk created the deposit slips, which were reviewed by the former Clerk-Treasurer, then either this clerk or the former Clerk-Treasurer would take the money to the bank. The former Clerk-Treasurer was responsible for entering the revenue (in total) in the accounting system and a Board member was responsible for performing bank reconciliations.

We found no evidence that the payments recorded into the detailed customer accounts were reconciled to the accounting system. Therefore, Village officials were unable to verify that all money recorded as collected in the detailed customer accounts was deposited. In addition, because the former Clerk-Treasurer did not ensure that daily receipts collected were entered in the accounting system, the recorded cash balances were inaccurate and reports generated from the system included inaccurate revenues and fund balances.

During our fieldwork in 2017, the former Clerk-Treasurer was unable to provide us with supporting documentation for most cash receipts, including real property tax bills and daily collection reports, duplicate receipts and deposit compositions. We determined that collections totaled about \$5.6 million during our audit period. We were able to trace receipts totaling \$3.4 million to specific deposits. However, we were unable to perform additional testing to match the remaining receipts totaling \$2.2 million to specific deposits because of the lack of supporting documentation.

---

To obtain some level of assurance that money collected was deposited at that time, we compared the major general fund revenues received in 2016, totaling \$2.4 million to the total deposits in the bank account and found that \$2.9 million was deposited, \$473,000 more than the amount received that year. This occurred because the former Clerk-Treasurer deposited receipts in the general fund bank account that should have been deposited in the bank accounts of other funds and did not accurately record these transactions in the accounting records.

We returned in July 2018 to perform additional testing and the current Clerk-Treasurer was able to provide us with a number of additional cash receipts records. The results of our various tests are as follows:

- Real Property Taxes – We tested 100 percent of the real property tax collections for 2016 totaling approximately \$1.84 million and verified that all payments were deposited in the bank or the unpaid tax bills were sent to the County for relevy.
- Water, Sewer and Refuse – We obtained September 2016 and March 2017 daily cash collection reports printed from the billing system at the end of each day totaling \$196,600 and were able to trace those receipts to deposits in the bank. However, we could not determine whether all receipts collected were recorded because the billing system crashed in November 2016 without a backup in place to retrieve information.

As a result, we were unable to obtain customer account summaries detailing when customers paid the bills and which customers' bills were still outstanding. In addition, Village officials purchased another billing system. However, the former Clerk-Treasurer and her staff were not properly trained to use the billing system. Further, the former Clerk-Treasurer and her staff told us that the bills were not based on accurate meter readings and many of them contained errors.

- Payments from Other Governments – We tested two months of receipts reported as paid to the Village from other local governments totaling \$403,400. We verified that this amount was deposited in the bank.
- Miscellaneous Receipts – We traced all duplicate receipts issued in May 2016 that were coded to the general fund totaling \$178,922 to the bank deposit compositions without exception.

Cash Disbursements – An account clerk performed the majority of disbursement processing duties. Although the former Clerk-Treasurer signed checks and recorded transactions, Village officials did not compare the disbursements listed on the bank statements with the Board-approved abstracts to ensure they were appropriate expenditures. In addition, the finance committee audited claims

---

instead of the entire Board, as required by law.<sup>3</sup> Further, the Trustee who provided oversight over banking activity was the former Clerk-Treasurer's mother-in-law.

We tested 94 nonpayroll disbursements totaling \$936,256 to determine whether they were properly supported and Board-approved. We found that six disbursements totaling \$3,748 lacked adequate supporting documentation. Additionally, the Board did not approve two of these disbursements totaling \$362. The majority of these payments were for computer repairs and upgrades and all were for proper purposes. We also tested 718 interfund and wire transfers totaling \$14 million and found no discrepancies.

Payroll and Related Benefits – Although Village officials told us conflicting information regarding who processed payroll, the former Clerk-Treasurer had full access to process payroll with minimal oversight. The former Mayor, who was responsible for certifying payrolls, compared the net paycheck amounts to the payroll report printed from the accounting system. However, she did not verify whether employees were paid the proper hours and rates, withholdings were correctly calculated or accrued leave was accurate.

We reviewed payroll rates on eight employees' pay stubs (five non-union and three union), including the former Clerk-Treasurer, during our audit period and found these employees were accurately paid the rate in accordance with salary notices signed by the former Mayor or the collective bargaining agreement. However, the Board did not document its approval of salaries and rates paid to the nonunion employees in its minutes.

We also reviewed time sheets for seven other employees and the former Clerk-Treasurer, which disclosed that, except for the former Clerk-Treasurer, supervisors generally approved time worked for their staff and that the seven employees were paid based on hours worked and received legitimate extra payments, when applicable. However, from the time the former Clerk-Treasurer was hired until the end of our audit period, Village officials did not verify whether the former Clerk-Treasurer's hours or accrued leave balances were accurate. We recalculated payroll withholdings for these employees to determine whether they were accurate and found only minor discrepancies, which we discussed with Village officials.

We also reviewed accrued leave records for these seven employees. While two of these employees had accrued leave balances that were incorrectly calculated, these employees did not earn or receive pay for leave to which they were not entitled.

---

<sup>3</sup> New York State Village Law, Section 5-524

---

Lastly, we found that the payroll reports the former Clerk-Treasurer submitted to the Social Security Administration and New York State and Local Retirement System were often incorrect or not filed in a timely manner. We discussed these issues with Village officials.

### **The Former Clerk-Treasurer's Accounting Records Were in Disarray**

After performing its required annual audits, the Village's external auditor commented on various issues<sup>4</sup> with the accounting records from 2014 through 2016. As a result, the Village did not receive an unqualified<sup>5</sup> opinion in any of these years. The external auditor gave an adverse<sup>6</sup> opinion on the 2014 financial statements and a disclaimer<sup>7</sup> of opinion for the 2015 and 2016 financial statements. While the Board received some financial information from the former Clerk-Treasurer and the former Mayor was presented with the results of the external auditor's findings, the Board was unaware that the financial records maintained by the former Clerk-Treasurer were significantly deficient.

In addition to the lack of certain accounting records and inconsistent accounting entries already discussed in this report, we found significant deficiencies when testing the former Clerk-Treasurer's accounting records. Examples of these deficiencies include the following:

- The accounting system's cash balances were understated by \$370,000. Part of this variance occurred because two bank accounts totaling \$119,000 were not recorded in the accounting system.
- Eight cash balances recorded in the accounting system totaling \$692,000 did not have associated bank accounts. Because the records contained significant deficiencies and could not be relied upon, we were unable to determine whether these funds were deposited elsewhere or even existed.
- Our review of total deposits for two months during our audit period disclosed that the amounts recorded in the accounting records totaled \$338,437 more than the deposits shown on the bank statements. We reviewed total disbursements for these same months and found that the amounts recorded in the accounting records totaled \$37,130 less than amounts shown on the bank statements.

---

4 For example, balance sheet account reconciliations were not prepared, interfund transfers were not properly recorded, financial reports were not periodically reviewed, budget lines were over-expended with no budget modifications, journal entries did not balance, reserves were improperly used and budgets did not balance.

5 An unqualified opinion is an independent auditor's judgement that the financial records and statements are fairly and appropriately presented in accordance with generally accepted accounting principles (GAAP).

6 The adverse opinion was issued because the Village did not maintain the accounting records in accordance with GAAP.

7 The disclaimer of opinion was based on the Village's accounting record inadequacies.

- 
- We reviewed 39 disbursements from the general, water and sewer bank accounts totaling \$1.6 million to determine whether they were recorded in the accounting system. However, we were only able to verify that one disbursement totaling \$207,000 was recorded because the records lacked sufficient detail to identify these disbursements.
  - We reviewed 39 deposits to the general, water and sewer bank accounts totaling \$1.4 million to determine whether they were recorded in the accounting system. While we were able to trace three deposits totaling \$395,000 to the records, we were not able to trace the remaining amount because the records lacked sufficient detail to clearly identify them to specific deposits.

The Trustee who prepared the bank reconciliations did not identify these discrepancies because she did not use the accounting records to prepare them. Instead, she reconciled the manual checkbook register balances (not associated with the accounting system) to the bank balances. We determined the checkbook balances did reconcile to the bank statements for the 6 bank accounts that were reconciled; four bank accounts were not reconciled.

## **Conclusion and Subsequent Events**

The two Trustees not serving on the personnel committee were never made aware of the significant issues related to the former Clerk-Treasurer or her responses to those issues. The former Mayor told us that personnel issues regarding the former Clerk-Treasurer were not reported to the Board during public meetings or in executive session. A member of the personnel committee told us that the former Mayor gave specific instructions not to report any information to the entire Board.

Because of all the significant deficiencies identified in this report, the Board was unable to make informed decisions. We discussed the external auditor's findings and some of the issues we identified with the entire Board. During its 2018 organizational meeting, the Board did not reappoint the former Clerk-Treasurer. In March 2018, the Board appointed the individual who had previously served as Clerk-Treasurer.

## **What Do We Recommend?**

The Board should:

1. Discuss inappropriate payments with the Village Attorney and seek reimbursement as appropriate.
2. Develop policies and procedures to monitor payroll, leave and benefits to ensure compliance with the employee handbook.

- 
3. Develop policies and procedures to monitor financial information to ensure records, reports and bank account reconciliations are complete and accurate.
  4. Audit all claims in their entirety.
  5. Require committees to make periodic reports to the entire Board.
  6. Ensure that the accounting and billing software are backed up on a regular basis and routinely test the backups to ensure data can be restored.
  7. Approve salaries and pay rates for non-union employees.

The Board and the Mayor should:

8. Review the training resources listed in Appendix C of this report and our publication *Fiscal Oversight Responsibilities of the Governing Board*, which can be accessed on our website at: [www.osc.state.ny.us/localgov/pubs/lgmg/fiscal\\_oversight.pdf](http://www.osc.state.ny.us/localgov/pubs/lgmg/fiscal_oversight.pdf).

The Mayor should:

9. Ensure the Clerk-Treasurer maintains adequate accounting records and enters all transactions in the accounting system.
10. Review leave and benefits earned and used when certifying payroll to comply with the employee handbook.

The Clerk-Treasurer should:

11. Provide adequate oversight of staff to ensure that Board-adopted policies and procedures are followed.
12. Maintain adequate accounting and leave records and accurately enter all transactions.
13. Receive training on accounting and billing software systems to ensure proper use.

# Appendix A: Response From Village Officials

---

**Mayor**  
Rebecca Stanton-Terk

**Deputy Mayor**  
Howard W. Burt, Jr.

**Clerk-Treasurer**  
Sheila Wilday

**Code Enforcement**  
Mike Piccolo

## Village of Cobleskill

378 Mineral Springs Road, Suite 2  
Cobleskill, NY 12043



*"A Good Place to Live"*

[www.schohariecounty-ny.gov](http://www.schohariecounty-ny.gov)

**Trustee**  
Howard W. Burt, Jr.  
Matthew Barney  
Thomas Johnstone  
Lance Rotolo

**Attorney**  
Shawn J. Smith, Esq.

**Chief of Police**  
Jeffery Brown

Phone (518) 234-3891

Fax (518) 234-4075

TDD 1-800-662-1220

December 20, 2019

Ann C. Singer, Chief Examiner  
Office of the New York State Comptroller  
Binghamton Regional Office, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417

RE: Report of Examination 2018M-47

Dear Ms. Singer,

The Village of Cobleskill has received and reviewed the audit findings brought forth by the Office of The New York State Comptroller; titled "Misappropriated Funds & Board Oversight" for the audit period August 1st, 2014-June 30th, 2017.

The Village of Cobleskill agrees with audit findings and a written corrective action plan will be forthcoming.

Sincerely,

Rebecca Stanton-Terk  
Mayor

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

- We interviewed Village officials and employees responsible for the financial processes over cash receipts and disbursements, payroll and benefits, reviewed Board minutes and employee handbook to obtain an understanding of the Village's policies, procedures, financial reporting and benefits offered.
- We reviewed health, dental and vision insurance invoices paid during the audit period to determine the number of participants and the cost for coverage. We tested all participants to determine whether the amounts deducted were accurate.
- We reviewed health insurance buyout payments made to all employees to determine whether the payments were proper.
- We tested the former Clerk-Treasurer and her spouse's payroll from the time they were hired through June 26, 2017, to determine whether the pay received was accurate and these amounts were reported to the Internal Revenue Service (IRS). We also tested the accuracy of their leave accrual records.
- We randomly selected and reviewed pay records of three union employees paid during our audit period to determine whether their pay was properly reported to the IRS.
- We reviewed payroll records of five non-union employees, including the former Clerk Treasurer, and three union employees to determine whether these employees' pay rates were Board-approved.
- We judgmentally selected five employees 2014, 2015 and 2016 W-2s and reviewed payroll journals to determine whether the W-2s submitted to the IRS were accurate and filed in a timely manner.
- We randomly selected and reviewed paystubs of seven employees and the former Clerk-Treasurer in 2016 to determine whether payroll withholdings were reasonable.
- We randomly selected six employees (in addition to the former Clerk-Treasurer and her spouse) to review leave accrual records, time sheets, and pay stubs to determine if employees and department heads leave accrual balances were accurate.
- We obtained bank confirmations directly from the banks to determine the number of bank accounts and the balances as of December 31, 2016. We compared those account balances to the Village's accounting records to determine whether all bank accounts were recorded in the accounting

---

system. We reviewed the December 31, 2016 bank reconciliations for all bank accounts to determine when the reconciliations were prepared and whether the balances shown on the reconciliations agreed with the accounting system balance.

- We reviewed all interfund and wire transfer disbursements from all bank accounts for the audit period to determine whether they were made for proper purposes.
- We randomly selected April and October 2016 general, water, and sewer fund checking accounts and reviewed all transactions during those months to determine whether they were recorded in the accounting records.
- We reviewed daily cash reports from the water, sewer and refuse billing system to attempt to identify customers with bills that were paid and those whose bills were unpaid and determine whether recorded collections were deposited.
- We traced all real property tax collections for 2016 to bank statements to determine whether they were all deposited or sent to the County for relevy.
- We obtained information from State, County and other local governments on payments made to the Village during the audit period to determine whether money collected was deposited in Village bank accounts.
- We gathered all available receipts dated May 2016 and duplicate receipts from receipt books dated May 2016 that were coded to the general fund and traced them to deposits on May 2016 general fund bank statement deposit compositions to determine whether the money collected as indicated on the issued receipts was deposited.
- We randomly selected and reviewed bank statements for two months during our audit period for the general, water, and sewer funds to determine whether all these receipts and disbursements were recorded in the accounting system.
- We reviewed the external auditor's reports from 2014, 2015 and 2016 to determine whether accounting issues were identified and if any issues identified were recurring.
- We randomly selected and reviewed one month of employee retirement reports to determine whether employee wages and days worked were accurately reported.

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.

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.

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 Clerk's office.

## Appendix C: Resources and Services

---

### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](mailto:localgov@osc.ny.gov)

[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)

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

---

**BINGHAMTON REGIONAL OFFICE** – Ann C. Singer, Chief Examiner

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)

Serving: Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Sullivan, Tioga, Tompkins counties



Like us on Facebook at [facebook.com/nyscomptroller](https://facebook.com/nyscomptroller)

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)