



# Village of Wurtsboro Financial Operations

## Report of Examination

Period Covered:

June 1, 2015 – May 31, 2017

2017M-71



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

November 2017

Dear Village 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 Village of Wurtsboro, entitled Financial 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*



## State of New York Office of the State Comptroller

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# EXECUTIVE SUMMARY

The Village of Wurtsboro (Village) is located in the Town of Mamakating in Sullivan County and has approximately 1,250 residents. The Village is governed by an elected Board of Trustees (Board) that is composed of two elected Trustees and the Mayor. The Board is responsible for the overall management and oversight of the Village's financial operations.

As the chief executive officer, the Mayor is responsible for the Village's day-to-day management under the Board's direction. As the chief fiscal officer, the Clerk-Treasurer<sup>1</sup> is responsible for maintaining custody of all Village funds, maintaining the accounting records, preparing financial reports and collecting, recording and disbursing money.

### **Scope and Objectives**

The objectives of our audit were to assess the Village's financial condition and segregation of duties during the period June 1, 2015 through May 31, 2017. We extended our scope period back to June 1, 2013 to examine trends for revenue, expenditure and fund balance amounts for the general and water funds. Our audit addressed the following related questions:

- Did the Board provide adequate oversight of the Village's financial condition?
- Did the Mayor and Board ensure that water rents and taxes were properly billed, received and deposited and disbursements were for proper Village purposes?

### **Audit Results**

The Board did not provide adequate oversight of the Village's financial condition. The general fund's financial condition has been erratic, declining from \$31,800 in 2014-15 to a \$2,380 deficit in 2015-16 and then increasing to a surplus of \$65,800 in 2016-17. Moreover, the general fund's reliance on water fund loans could adversely affect the water fund's financial condition in the next four years. This was driven primarily by the Board's reliance on fund balance as a financing source.

The Mayor and Board also did not segregate the Clerk-Treasurer's duties over billing, cash collections and disbursements, or implement compensating controls over her incompatible financial duties. As a result, the Clerk-Treasurer did not always collect water rent and tax penalties or consistently

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<sup>1</sup> The Clerk-Treasurer is appointed by the Mayor.

enforce them. In addition, the Clerk-Treasurer disbursed payments before the Board approved them. Consequently, the Board has limited assurance that funds were used for legitimate Village purposes.

### **Comments of Village Officials**

The results of our audit and recommendations have been discussed with Village officials and their comments, which appear in Appendix A, have been considered in preparing this report. Village officials generally agreed with our recommendations and indicated they have taken corrective action.

# Introduction

## Background

The Village of Wurtsboro (Village) is located in the Town of Mamakating in Sullivan County and has approximately 1,250 residents. The Village is governed by an elected Board of Trustees (Board) that is composed of two elected Trustees and the Mayor. The Board is responsible for overall management and oversight of the Village's financial operations.

As the chief executive officer, the Mayor is responsible for the Village's day-to-day management under the Board's direction. As the chief fiscal officer, the Clerk-Treasurer<sup>2</sup> is responsible for maintaining custody of all Village funds, maintaining the accounting records, preparing financial reports and collecting, recording and disbursing money.

The Village provides various services, including road maintenance, snow removal, water distribution and general government support. The Village's 2016-17 budgeted appropriations for the general and water funds totaled \$762,250, which were funded primarily by real property taxes, State and federal aid and user fees.

The Village bills water users quarterly based on the number of gallons consumed. Quarterly charges are calculated based on meter readings collected electronically by a Village trustee.

## Objectives

The objectives of our audit were to assess the Village's financial condition and segregation of duties. Our audit addressed the following related questions:

- Did the Board provide adequate oversight of the Village's financial condition?
- Did the Mayor and Board ensure that water rents and taxes were properly billed, received and deposited and disbursements were for proper Village purposes?

## Scope and Methodology

We examined the Village's financial condition and segregation of duties during the period June 1, 2015 through May 31, 2017. We extended our scope period back to June 1, 2013 to examine trends for revenue, expenditure and fund balance amounts for the general and water funds.

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<sup>2</sup> The Clerk-Treasurer is appointed by the Mayor.

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 Village officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Village officials generally agreed with our recommendations and indicated they have taken 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-Treasurer's office.

## Financial Condition

The Board governs the Village and is responsible for the general management and control of its finances to ensure that necessary services can be provided to residents. To properly oversee the Village's financial condition, the Board should establish and enforce policies and procedures to govern budgeting practices and minimal levels of fund balance to be maintained.

To maintain the Village's financial condition and its ability to provide services, the Board must adopt structurally balanced budgets that ensure recurring revenues finance recurring expenditures. Fund balance is a nonrecurring source of financing and should not be relied on to fund recurring expenditures. Village officials should manage fund balance to ensure that sufficient funding will be available to sustain operations, address unexpected occurrence and satisfy long-term obligations or future expenditures.

The Board did not provide adequate oversight of the Village's financial condition. The general fund's financial condition has declined significantly to a point of fiscal instability. Moreover, the general fund's reliance on water fund loans could adversely affect the water fund's financial condition in the next four years. This occurred because the Board relied on fund balance as a financing source rather than using recurring revenue to finance recurring expenditures.

The Board used \$31,000 of fund balance in the general fund during the 2014-15 through 2016-17 fiscal years, resulting in a deficit fund balance as of the end of the 2015-16 fiscal year (Figure 1). Although the Village experienced a slight surplus of \$68,200<sup>3</sup> for 2016-17, this will not significantly improve the Village's financial condition. Furthermore, they appropriated \$11,200 more fund balance than was actually available for the 2017-18 budget.

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<sup>3</sup> According to unaudited information available at year end. The Village has not yet filed its 2016-17 annual update document (AUD) with our office.

Figure 1: General Fund – Fund Balance			
	2014-15	2015-16	2016-17
Beginning Total Fund Balance	\$101,602	\$36,762	\$2,620
Revenues	\$410,627	\$496,103	\$417,869
Expenditures	\$475,467	\$530,245	\$349,669
Results of Operations	(\$64,840)	(\$34,142)	\$68,200
Ending Total Fund Balance	\$36,762	\$2,620	\$70,820
Total Reserves	\$5,000	\$5,000	\$5,000
Unrestricted Fund Balance	\$31,762	(\$2,380)	\$65,820

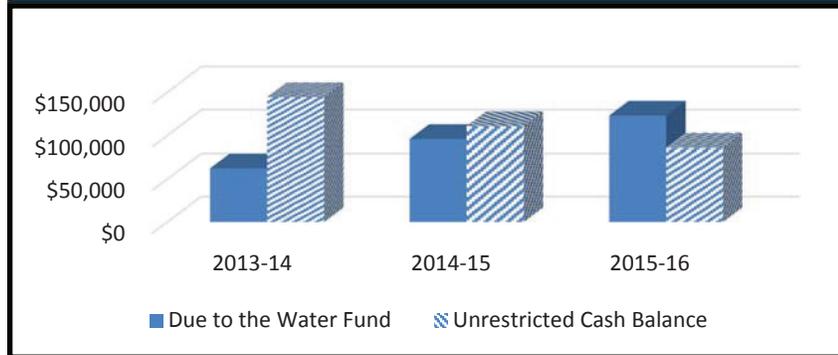
This fiscal instability occurred because Village officials did not adopt structurally balanced budgets and instead relied on fund balance as a financing source. Village officials appropriated funds based on bank statement balances without considering money owed to the water fund. In fact, Village officials appropriated more fund balance than was actually available for the last three fiscal years.<sup>4</sup> Finally, Village officials do not have a fund balance policy that establishes optimal fund balance levels. Although the Village’s independent auditors identified this practice in their three most recent annual audit reports, officials have not taken action to address it.

Operating deficits often are a precursor to deficit fund balance, which results in numerous problems, including cash flow problems and deferred maintenance. The Village’s fund balance is primarily composed of cash, and Village officials have addressed the need for short-term cash by using interfund loans to finance expenditures. In fact, the general fund borrowed an average of \$95,300 from the water fund to maintain operations in the last three years (Figure 2). Although the general fund’s fund balance increased in 2016-17, if fund balance declines, Village officials’ ability to manage cash flow will become more difficult. As of 2016-17, the general fund can repay the water fund.

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<sup>4</sup> 2015-16 through 2017-18

**Figure 2: Inter-fund Loans & General Fund Unrestricted Cash**



While the water fund can currently absorb the general fund's inability to repay any outstanding loans, continued reliance on unexpended surplus fund balance to finance recurring expenditures will adversely affect the water fund and will put the Village in an even more precarious financial position. If the Board allows the general fund to continue to borrow water fund money at the rate it has been, the water fund's fund balance of \$312,300 will be completely depleted within four years.

Village officials told us that they need to replace the water tower and plan to use the water fund's fund balance for that project. If the loans to the general fund are not repaid, the water fund might have to borrow to fund the water tower that would otherwise have been paid from accumulated funds. In essence, the water fund would be issuing debt to fund the operations of the general fund. As a result, Village officials will need to find additional sources of revenue or reduce expenditures. We provided training to Village officials on budgeting and fund balance in February 2017 and Village officials were receptive to our guidance.

## Recommendations

The Mayor and Board should:

1. Adopt budgets that finance recurring revenues with recurring expenditures.
2. Develop a plan for the general fund to repay the interfund loans from the water fund.
3. Take measures to help ensure that there is adequate general and water fund balance and cash flow to avoid relying on short-term borrowing, such as establishing and complying with a fund balance policy.

## Segregation of Duties

The Mayor and Board are responsible for designing internal controls to ensure that one individual does not perform all aspects of billing, cash receipt and cash disbursement functions. When it is not practical or cost effective to segregate these responsibilities, the Mayor and Board should implement compensating controls which could include an independent review of bank reconciliations, check images, adjustments to water accounts, water meter readings and penalties.

The Mayor and Board did not segregate the Clerk-Treasurer's duties over billing, cash receipts and disbursements, or implement compensating controls. As a result, the Clerk-Treasurer did not always collect or consistently enforce water bill and property tax penalties, and issued payments without prior Board approval.

### Billing and Collections

The Board is responsible for ensuring that water bill and real property tax penalties are consistently enforced and collected. Village officials should periodically review water and tax bills to ensure customers are billed accurately and that penalties are properly applied, when necessary, and collected. Furthermore, the Board should designate an official to approve adjustments and document the reason, amount and date approved.

The Clerk-Treasurer is responsible for most<sup>5</sup> day-to-day billing and cash receipt activities, including billing and adjusting water and real property accounts; collecting, recording and depositing cash; and reconciling bank accounts. She performs these duties without sufficient oversight. For example, no one reviews her work to ensure all money collected was deposited, penalties were properly enforced and adjustments to water bills and real property tax accounts were approved.

We reviewed 105 water bills totaling \$23,800 and 62 real property tax bills totaling \$40,000<sup>6</sup> and found that all were properly billed. However, we found the following discrepancies:

- Water Bills – Fifteen water bills, including those of the Mayor, a Board Trustee and two employees, had a net of approximately \$1,100 in penalties incorrectly applied. Nine bills, including the Trustee's and the two employees, had penalties totaling \$1,100 that were not added to the accounts

<sup>5</sup> A Board Trustee obtains water meter readings and uploads them to the Village's computer system.

<sup>6</sup> Refer to Appendix B for further information on these sample selections.

or collected. Four bills, including the Trustee's, had penalties totaling \$56 that were removed from the accounts without evidence of Board approval. Two bills, including the Mayor's, were overcharged penalties totaling \$65. Village officials and the Clerk-Treasurer told us that they did not consistently apply penalties.

- Tax Bills – Four real property tax accounts, which included a Board Trustee's account, had penalties totaling \$172 that were not added to the accounts or collected.

We reviewed 58 water rent collections totaling \$16,700 and 52 real property tax collections totaling \$26,100<sup>7</sup> and found the following discrepancies:

- Water Rent Collections – Forty-four water receipts, including those received from a Board Trustee and an employee, had penalties totaling \$765 that were not added to the accounts or collected. Ten collections had penalties totaling \$81 removed without evidence of Board approval.
- Tax Collections – Thirty-three real property tax collections were overcharged penalties totaling \$160, and five were undercharged or did not have penalties enforced totaling \$84.

Except for minor discrepancies related to deposits that we communicated to Village officials, we found that these payments were properly deposited.

## Disbursements

The audit and approval of claims is one of the most critical elements of a governing board's duties and responsibilities. Claims must be audited and approved by the Board prior to authorizing the Clerk-Treasurer to make payment to ensure that disbursements are for valid expenditures and that goods or services have actually been received.

While the Mayor or a Trustee cosigns each disbursement check and the Board approves the claims, the Clerk-Treasurer can disburse funds without anyone's knowledge. The Clerk-Treasurer has incompatible duties of maintaining check inventory, recording transactions and reconciling bank accounts without oversight. For example, no one reviews bank reconciliations or check images to ensure disbursements were for proper purposes and no one compares Board-approved payments to what was actually paid.

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<sup>7</sup> Ibid.

Furthermore, the Clerk-Treasurer mails checks before the Board approves the claims. Allowing the Clerk-Treasurer to pay claims prior to the Board's audit and approval increases the risk that inappropriate payments could be made and remain undetected.

We traced 152 disbursements totaling \$106,700 from canceled check images and 14 electronic fund transfers totaling \$87,200 to supporting documentation and found they were for proper Village purposes. However, eight checks totaling \$19,000 were signed by only one person: four checks were signed by a Trustee, two checks by the Mayor and two by the Clerk-Treasurer.<sup>8</sup> Because the dual signature procedure was not a strict requirement, the Clerk-Treasurer could have initiated inappropriate payments and mailed the checks without detection.

The deficiencies in billing, collections and disbursements occurred because the Mayor and Board did not segregate the Clerk-Treasurer's duties, supervise her work or establish other oversight procedures designed to reduce the risk of errors or fraud. Although the independent auditors mentioned this deficiency in the last five of the Village's annual audit reports, officials have not taken action to address it.

As a result, the Board has limited assurance, beyond the claims approval process, that funds were used for legitimate Village purposes and that the Mayor and the Board would be able to detect inappropriate activity in a timely manner.

## Recommendations

The Mayor and Board should:

4. Segregate the Clerk-Treasurer's cash receipt and disbursement duties. If this is impractical, officials should provide adequate oversight of the Clerk-Treasurer's work by establishing compensating controls to mitigate the risks associated with the Clerk-Treasurer's incompatible financial duties. These controls could include:
  - Comparing canceled check images with the approved abstracts
  - Reviewing bank reconciliations
  - Reviewing water adjustment reports.

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<sup>8</sup> These payments were for proper Village expenditures.

5. Take corrective action in response to audit reports, including the annual CPA report and this audit.
6. Correct the billing errors identified in this report.

The Clerk-Treasurer should:

7. Pay claims only after the Board has audited and approved them for payment.

**APPENDIX A**  
**RESPONSE FROM LOCAL OFFICIALS**

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

## VILLAGE OF WURTSBORO

7 Pennsylvania Avenue  
PO Box 157  
Wurtsboro, NY 12790  
Tele: 845-888-2522 Fax: 845-888-2816

Michelena Maher, Mayor  
Lyman Holmes, Trustee  
Frank Sisco, Trustee

Gina Langowsky, Village Clerk  
Peter Ackerson, Building Inspector

October 17, 2017

Office of the New York State Comptroller  
Division of Local Government & School Accountability  
PSU – CAP submission  
44 Hawley Street, Suite 1702  
Binghamton, NY 13901-4417

Attn: H. Todd Eames, Chief Examiner

The Village would like to thank the Comptroller's Office for its assistance during its audit of the Village and in discussing the draft findings, recommendations and interview conversations with the Mayor, Village Trustees and the Village Clerk. This letter is offered as a consolidated response to report 2017M-071 titled "Village of Wurtsboro Financial Operations" (the "Report"). The Report of the examination covered the period from June 1, 2015 – May 31, 2017.

The report identified two recommendations to which the Village Board responds as set forth below.

### Recommendation 1.

The Mayor and Board should:

1. Adopt budgets that finance recurring revenues with recurring expenditures.
2. Develop a plan for the general fund to repay the interfund loans from the water fund.
3. Take measures to help ensure that there is adequate general and water fund balance and cash flow to avoid relying on short-term borrowing, such as establishing and complying with fund balance policy.

Response to Recommendation 1. Implementation of plan to comply with the Comptroller's recommendation.

The Village Board agrees that it is important to adopt budgets that will finance recurring revenues with recurring expenditures, pay back the water fund and ensure that the general fund will not rely on interfund loans to make it whole.

Prior to April 2016 the Village was on a flat-rate system for the water rents throughout the Village. In order to monitor actual water usage, the Village undertook a three-year process that included applying for a USDA loan that allowed the Village to buy and install individual meters in each dwelling unit and master meters that tracked usage in multi-family buildings and other community-type residential housing such as mobile home courts. The meters track water usage and can be read by radio signal.

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After the Village installed the water meters and software necessary to read and record the metered usage, the Village Board enacted a Local Law No. 2 of 2016, dated April 11, 2016, which allowed the Village to replace the practice of charging a flat rate for all water usage throughout the Village. Billing for actual water usage was implemented June 30, 2016. The result of this action has been to provide the Village an accurate method of tracking and billing actual water usage. The Village has now begun to charge fair water rents based upon actual usage and include a reasonable fee to replenish the fund balance, fund the operation of the Village water system, and undertake unexpected maintenance as well as planned upgrades of the water facilities.

As the Village began to better track and bill for water usage, it became apparent that the Village's practice of bi-annual water billing that did not correspond to the Village's fiscal year-end created a tracking and reconciliation issue. The water fund was never in sync with the general fund revenues and accounting. The Village Board enacted Local Law No. 2 of 2017, which allowed the Board to align the water billing cycles with the Village's fiscal year-end and send out quarterly water bills. In this way the Village will eliminate the problem of reconciling bi-annual off-cycle water billing with the Village's year-end fiscal year. The water bills are now sent out quarterly and correspond with year-end accounting.

Also, because of the prior flat-rate system and bi-annual non-fiscal year billing cycle, not all water bills were collected in a timely manner. Penalties were not always applied or collected correctly. The new metered system and quarterly billing have resulted in more accurate billing as well as water rent accounting. In addition, the Village will implement a new policy in November 2017 that will provide a 5-day grace period for all water bills, where the payment date falls on a weekend or holiday. Any account that is paid during that time frame will not be penalized and the payment will be noted by the Water Superintendent.

The Village Board also agrees that unpaid water usage fees levied onto taxes and collected should be transferred immediately to the water fund from the general fund. The failure to do this in the past has been corrected by the current Clerk/Treasurer.

Finally, Village taxes had not been raised in twelve (12) years, which added to the Village's fiscal stress. Although, as Mayor, I and the Village Board of Trustees are always mindful of taxpayer burden, it became apparent that the Village needed to rebuild the fund balances, stabilize cash flow and avoid short-term borrowing. In order to repay the water fund and begin building a reasonable excess fund balance in the General Fund, the Village Board adopted a local law to override the tax cap limit in 2017. By the end of this fiscal year the Village will be in a position to repay all loans from the Water Fund by a combination of increased taxes and proper accounting and billing practices for water rents.

#### Recommendation 2.

The Mayor and the Board should:

1. Segregate the Clerk-Treasurer's cash receipt and disbursement duties. If this is impractical, officials should provide adequate oversight of the Clerk-Treasurer's work by establishing compensation controls to mitigate the risks associated with the Clerk-Treasurer's incompatible financial duties. These controls could include:
  - Comparing canceled check images with the approved abstracts.
  - Reviewing bank reconciliations.
  - Reviewing water adjustment reports.

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2. Take corrective action in response to audit reports, including the annual CPA report and this audit.
3. Correct the billing errors identified in this report.

The Clerk-Treasurer should:

4. Pay claims only after the Board has audited and approved them for payment.

The Village of Wurtsboro is a very small village of 1200+/- residents. The Village Office is a part time office with only one Clerk-Treasurer. Unfortunately, with so few residents it is difficult to populate the boards and the important positions necessary to operate the Village. As the offices of clerk and treasure, which due to the Village's limited resources was combined, the Village has unfortunately seen a significant amount of turnover in the past few years. By December of this year, the current Clerk-Treasurer has been in her position 2 years. We anticipate that Gina will continue as Clerk-Treasurer for many years to come. However, in the four years prior to Gina, the Clerk-Treasurer position was held by 6 different people.

With a small population and occasional periods of high turnover in key positions, segregation of duties is an issue that the Report rightly brought to light and must be addressed. In response, the Village Board will adopt a new policy beginning November 2017 that calls for a "Duplication of Duties" procedure. Each month, on a rotating schedule, one (1) Village Board member will do a monthly check of the books to make sure that all reconciliations have been performed correctly. In addition, a new accountant has been hired and is contracted to review all accounts quarterly. These reviews will be reported directly to the Village Board of Trustees.

With respect to the section of the Report dealing with Segregation of Duties, the Village Board has found one incorrect determination. The Report states that the Clerk-Treasurer mails checks before the Board approves the claims and vouchers. This is not correct. The general practice of the current Clerk-Treasurer is to mail checks only after two (2) of the three (3) Village Board members have approved the invoices and signed them. However, since the claims and vouchers are not always approved at specific public Board meetings, the Village Board enacted a new policy at its regular October 2017 meeting. A regularly held and posted public meeting will occur each Friday where a quorum of the Village Board will review and sign vouchers and payroll. In this way, the general practice of the current Clerk-Treasurer, which is to require 2 Board signatures on each check before mailing, shall be more open and transparent to the public.

The Mayor and Board of Trustees are responsible for the implementation of these responses to your recommendations. As noted, all corrective actions have been implemented already, some prior to the Report. We hope that you will consider this input as you prepare your final version of the Report. Again, the Board thanks you for your time with this process.

Dated: 10/17/17

Respectfully,

  
Michélena Maher  
Mayor, Village of Wurtsboro

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## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed Village officials and employees and reviewed Board minutes to gain an understanding of the processes for disbursements, bank reconciliations, water billing and collections and real property tax billing and collections.
- We compared general fund budgeted amounts for 2013-14 through 2016-17 to actual revenues and expenditures to determine whether the Board adopted reasonable budgets.
- We calculated the general fund's results of operations and restricted and unrestricted fund balance for 2013-14 through 2016-17.
- We reviewed the water bills of all three Board members and six Village employees and judgmentally selected 20 other water customers from the water account number list for a total of 105 bills totaling \$23,800. We reviewed the biannual water bills for October 2015 through March 2016 and the quarterly bills for April 2016 through December 2016 to determine whether they were billed accurately, including penalties.
- We randomly selected from every fifth page of the real property tax roll and selected the third property for a sample of 20 properties real property tax bills for 2015-16 and 2016-17 to obtain a sample of 40 real property tax bills totaling \$24,700. We examined these bills to determine whether they were accurately calculated, billed, collected and deposited timely and intact.
- We reviewed all 22 real property tax bills for all three Board members and six Village employees in 2015-16 and 2016-17 totaling \$15,300 to determine whether they were accurately billed, collected and deposited timely and intact.
- We reviewed all 58 water receipts received in November 2016 totaling \$16,700 to determine whether they were accurately collected, recorded and deposited completely and intact. We specifically chose this month because penalties should have been charged and collected by this time.
- We reviewed all 13 real property tax receipts received in August 2016 totaling almost \$5,100 and all 39 real property tax receipts received in August 2015 totaling \$21,000 to determine whether they were accurately collected (including penalties), recorded and deposited completely and intact. We specifically chose this month because penalties should have been charged and collected by this time.
- We reviewed 152 disbursements totaling \$106,700 from cancelled check images. This included all 100 general fund and all 22 water fund disbursements to Board members and Village employees, a judgmentally selected sample of 20 disbursements paid to 20 vendors from the general fund, and 10 disbursements paid to 10 vendors from the water fund that could

also be used for personal transactions, to determine whether they were Board-authorized and legitimate Village expenditures.

- We reviewed all 14 electronic fund transfers paid during the scope period (excluding payroll) totaling \$87,200 to determine whether they were Board authorized and proper Village expenditures.
- We reviewed the Village's last five annual audit reports from 2011-12 through 2015-16 to determine whether reported deficiencies were corrected.

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 objectives.

## APPENDIX C

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