



Town of Covert

Financial Management and Justice Court

Report of Examination

Period Covered:

January 1, 2014 – May 20, 2015

2015M-180



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
EXECUTIVE SUMMARY	2
INTRODUCTION	4
Background	4
Objectives	4
Scope and Methodology	5
Comments of Local Officials and Corrective Action	5
FINANCIAL MANAGEMENT	6
Long-Term Planning	6
Interfund Advances	8
Recommendations	8
JUSTICE COURT	10
Recommendation	11
APPENDIX A Response From Local Officials	12
APPENDIX B Audit Methodology and Standards	22
APPENDIX C How to Obtain Additional Copies of the Report	23
APPENDIX D Local Regional Office Listing	24

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

December 2015

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 Covert, entitled Financial Management and Justice Court. 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

EXECUTIVE SUMMARY

The Town of Covert (Town) is located in Seneca County and has approximately 2,200 residents. The Town Board (Board) is the legislative body responsible for the general management and control of the Town's financial affairs, including establishing policies and appropriate internal controls over financial operations, including the Justice Court (Court). The Town Supervisor (Supervisor), who serves as the Town's chief fiscal officer, is responsible for the receipt, disbursement and custody of Town moneys and maintaining accounting records. To assist the Supervisor in his accounting duties, the Board annually appoints a bookkeeper. Budgeted appropriations for the 2015 fiscal year were approximately \$1.2 million, funded primarily with real property taxes and State aid.

Scope and Objectives

The objectives of our audit were to review the Town's budgeting practices and its resultant financial condition and the Court's financial activity for the period of January 1, 2014 through May 20, 2015. We extended our scope back to January 1, 2012 to perform a trend analysis. Our audit addressed the following related questions:

- Did the Board effectively manage the Town's finances and plan for future needs?
- Did the Justice ensure that Court money was accurately and completely collected, recorded, deposited, disbursed and reported in a timely manner?

Audit Results

The Board needs to adopt long-term financial plans to effectively manage the Town's finances. The Board has adopted budgets that have relied heavily on appropriated fund balance that cannot be maintained into the future. For example, the town-wide (TW) general and highway funds' available fund balances for emergencies and unforeseen expenditures declined to \$23,880 (5 percent) and \$20,831 (8 percent) of the 2015 appropriations, respectively, at December 31, 2014. Fund balance will not be able to continue to finance nonrecurring expenditures or operating deficits and will require long-term plans to be able to fund future needs. In addition, the town-outside-village highway fund had a negative cash balance of \$41,628 at the end of 2014. This occurred because all funds are comingled in one bank account and appropriate accounting entries were not made to record a cash advance from the TW fund.

We found that the former Court clerk¹ did not retain receipts for all 148 transactions made during the former Justice's term² and 58 transactions, or 35 percent, made during the current Justice's term. In

¹ The former Court clerk served from January 1, 2014 through March 31, 2014 under the former Justice and from April 1, 2014 through July 16, 2014 under the current Justice.

² From January 1, 2014 through March 31, 2014

addition, the interim Court clerk and current Court clerk did not retain receipts for 18 transactions, or 5 percent, during the current Justice's term. We also identified 35 missing receipt numbers. There was a valid explanation for 15 of these missing receipts. Town officials were unable to explain or provide support for the remaining 20 receipts and, therefore, cannot ensure that all of the Justices' money received were deposited and recorded completely and accurately.

Comments of Local Officials

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

Introduction

Background

The Town of Covert (Town) is located in Seneca County and has approximately 2,200 residents. The Town Board (Board) is the legislative body responsible for the general management and control of the Town's financial affairs, including establishing policies and appropriate internal controls over financial operations, including the Justice Court (Court). The Town Supervisor (Supervisor), who serves as the Town's chief fiscal officer, is responsible for the receipt, disbursement and custody of Town moneys and maintaining accounting records. To assist the Supervisor in his accounting duties, the Board annually appoints a bookkeeper. The Supervisor is also the Town's budget officer and is responsible for compiling the initial budget estimates and producing the tentative budget. The entire Board is responsible for adopting and monitoring the budget and ensuring the Town's sound financial position. Budgeted appropriations for the 2015 fiscal year were approximately \$1.2 million,³ funded primarily with real property taxes and State aid.

The Court has jurisdiction over certain criminal and civil matters as well as motor vehicle and traffic violations. The Town Justice (Justice) imposes and collects fines and bail moneys and is responsible for reporting on adjudicated cases. The Justice is required to report monthly to the Office of the State Comptroller's Justice Court Fund (JCF) the financial activities of the preceding month. During the audit period, the Town had two Justices, the former Justice who served from January 1 through March 31, 2014⁴ and the current Justice who took office on April 1, 2014. In addition, the Justice appoints a Court clerk (Clerk) to assist with administrative duties. The Town had three Clerks during our audit period, the former Clerk who served from January 1 through July 16, 2014, an interim Clerk from July 17, 2014 through September 19, 2014 and the current Clerk who started in September 2014.

Objectives

The objectives of our audit were to review the Town's budgeting practices and its resultant financial condition, and the Court's financial activity. Our audit addressed the following related questions:

- Did the Board effectively manage the Town's finances and plan for future needs?

³ General fund \$473,222, general town-outside-village fund \$13,261, highway town-wide fund \$259,020, highway town-outside-village fund \$305,999 and two special district funds totaling \$115,914

⁴ He also served from January 1, 2010 through December 31, 2013. Additionally he was appointed by the Board to serve from January 1, 2014 until the Board could find a replacement for the newly elected Justice who resigned in December of 2013 prior to taking office.

- Did the Justice ensure that Court money was accurately and completely collected, recorded, deposited, disbursed and reported in a timely manner?

**Scope and
Methodology**

We examined the Town’s budgeting practices and its resultant financial condition and the Court’s financial operations for the period January 1, 2014 through May 20, 2015. We extended our scope back to January 1, 2012 to perform a trend analysis of the Town’s financial condition.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

**Comments of
Local Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Town officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they planned to take 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 the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, Responding to an OSC Audit Report, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Town Clerk’s office.

Financial Management

The Board is responsible for making sound financial decisions that are in the best interest of the Town and of the taxpayers who fund its operations. This responsibility requires Board members to balance the level of services desired and expected by Town residents with the ability and willingness of the residents to pay for such services. It is essential that the Board adopt structurally balanced budgets for all of its operating funds to provide recurring revenues to finance recurring expenditures. Long-term financial planning helps the Board assess alternative approaches to financial issues, such as accumulating money in reserve funds, obtaining financing or using surplus funds to finance annual operations. A fund balance policy, which provides guidance on how fund balance will be used while also maintaining sufficient cash flow to fund operations, is an important component of any long-term financial plan.

The Board has adopted budgets that have relied heavily on appropriated fund balance. Furthermore, the Board has not adopted a fund balance policy. As a result, the Town's general and highway town-wide (TW) funds' available fund balances for emergencies and unforeseen expenditures declined to \$23,880, or 5 percent of the 2015 appropriations, and \$20,831, or 8 percent of the 2015 appropriations, respectively, at December 31, 2014. Long-term financial plans would be useful tools for the Board to address the Town's declining fund balances and to plan for and finance improvements. However, the Board has not developed a written long-term capital or operational plan. In addition, there was an unrecorded loan of \$41,628 between funds that share a cash account.

Long-Term Planning

It is important to develop comprehensive, multiyear financial and capital plans to estimate the future costs of ongoing services and future capital needs.⁵ Effective multiyear plans project operating and capital needs and financing sources over a three- to five-year period. Planning on a multiyear basis allows Town officials to identify developing revenue and expenditure trends and set long-term priorities and goals. It also allows them to assess the impact and merits of alternative approaches to financial issues, such as accumulating money in reserve funds and the use of fund balance to finance operations. It is essential that any long-term financial plans are monitored and updated on an ongoing basis to ensure that decisions are guided by the most accurate information available.

⁵ OSC has developed a set of handy, easy-to-use tools to help local governments create an effective multiyear planning process at <http://www.osc.state.ny.us/localgov/myfp/index.htm>.

Officials told us that they informally discuss long-term planning for equipment needs but have not developed a formal written long-term capital or operational plan. The Town needs a formalized process, especially with the declining fund balance and additional appropriations. For example, the Town:

- Has begun a three-year property revaluation. While the Board has appropriated general fund balance to finance the 2015 installment of \$42,000, a long-term plan to finance the remaining two installments estimated at \$85,500 has not been determined.
- Changed the method of providing for ambulance service within the Town, which will require additional budgetary analysis.⁶
- Has decided to fund a capital reserve for highway equipment through increased appropriations of \$20,000 in 2015.

In the past, the Town has depended on operating surpluses or accumulated fund balance to fund these type of costs. However, operating deficits (2014 in the general TW and 2012 and 2014 in the highway TW fund) have led to a decline in unassigned fund balance.

Figure 1: Operating Results and Fund Balances of Town-Wide Funds

	General Fund			Highway Fund		
	2012	2013	2014	2012	2013	2014
Beginning Fund Balance	\$60,939	\$88,669	\$103,415	\$94,303	\$86,739	\$98,364
Plus: Operating Surplus/(Deficit)	\$27,730	\$14,746	(\$17,919)	(\$7,568)	\$11,625	(\$39,994)
Ending Fund Balance	\$88,669	\$103,415	\$85,496	\$86,739 ^a	\$98,364	\$58,370
Less: Appropriated Fund Balance for Ensuing Year	\$15,000	\$33,088	\$61,616	\$25,000	\$30,000	\$37,539
Unassigned Fund Balance at Year-End	\$73,669	\$70,327	\$23,880	\$61,739	\$68,364	\$20,831
Unassigned Funds as a Percentage of Ensuing Year's Appropriations	26%	17%	5%	27%	29%	8%

^a \$4 difference due to rounding

Additionally, because the Board has not adopted a fund balance policy, the current level of fund balance, while sufficient to provide for normal operating needs, is not sufficient to finance nonrecurring costs or to make up for operating deficits.

⁶ Prior to 2014, the cost of ambulance service was financed entirely by real property taxes as part of the fire protection district. Since then, the service has been financed by a combination of service charges and real property taxes in the general TW fund.

The development and adoption of multiyear plans would be a useful tool for the Board to identify recurring sources of revenue sufficient to finance anticipated recurring expenditures in order to maintain a reasonable level of unexpended surplus funds at year end. The Board's failure to develop such plans may lead to an unhealthy depletion of the Town's fund balance and could place undesired constraints on the Town's financial flexibility in future years.

Interfund Advances

General Municipal Law states that moneys advanced between funds are to be repaid as soon as the funds become available, but no later than the close of the fiscal year in which the advance was made. These advances must be authorized by Board action. If advances are made between funds with different tax bases, the statute requires that interest be assessed to the fund that received the advance. Because not all Town funds represent the same tax bases, there is a greater need to account for each fund individually.

The highway town-outside-village (TOV) fund ended 2014 with an unassigned fund balance of \$63,975. Although this fund balance was the equivalent of 21 percent of the ensuing year's budget, the fund's cash balance at the time was a negative \$41,628. The negative cash position was the result of the Highway Superintendent not submitting the forms for CHIPS reimbursement in adequate time to receive the funds by the December payout date. Cash to meet the operating needs of the highway TOV fund was provided by the general and highway TW funds from a money market account which commingled the money of all four funds.

Rather than recording negative cash, the use of this money should have been recorded as an interfund advance. We found no evidence that these advances were approved by the Board nor was interest paid when the advances were repaid. Furthermore, the lack of Board approval diminishes both their authority and public transparency, and taxpayer inequities have occurred.

Recommendations

The Board should:

1. Ensure that budgets are structurally balanced by developing long-term financial and capital plans that project operating and capital needs and financing sources for a three- to five-year period. These plans should be monitored and updated on an ongoing basis.
2. Adopt a fund balance policy to provide guidance on how fund balance will be used.
3. Maintain fund balances that are sufficient to cover cash flow needs until revenues are available. In the event that interfund

advances are necessary, ensure prior approval is granted, the loan is recorded and the advance is repaid within the same year (with interest, if between different tax bases).

Justice Court

The Justice must maintain complete and accurate accounting records and safeguard all moneys collected by the Court. The Justice is also responsible for depositing all moneys collected intact⁷ and in a timely manner, reconciling Court collections to corresponding liabilities, disbursing fees collected to the Supervisor and reporting Court transactions to the JCF and the Department of Motor Vehicles (DMV). Routinely performing an accountability analysis for all moneys held by the Court and reconciling bank accounts enables the Justice to verify the accuracy of the Court's financial records. The Justice is also responsible and accountable for all moneys received by the Court. General Municipal Law requires that any official who collects money on behalf of a municipality issue and retain a receipt for money collected. Finally, New York State Town Law requires that the Board perform an annual audit of the Justice's records to ensure that the Court is properly recording and reporting transactions and accounting for moneys received.

During our review of Court records, we noted that duplicate receipts were not being retained. Therefore, we requested deposit compositions from the bank for the period January 1, 2014 through February 4, 2015.⁸ Through our analysis of deposit compositions and Court records, we found that not all moneys collected were properly receipted. The former Clerk⁹ did not retain receipts for all 148 transactions during the former Justice's term¹⁰ and 56 of 160 transactions, or 35 percent, during the current Justice's term. Also, the interim Clerk and current Clerk did not retain receipts for 18 of 378 transactions, or 5 percent, during the current Justice's term. In addition, because the software used by the Justice allows receipt numbers to be changed, we reviewed the receipts to determine if they were issued sequentially. We identified 35 missing receipt numbers. The Justice or Clerk were able to provide a valid explanation for 15 of these receipts, such as being voided. However, neither could explain the reason for the remaining 20 missing receipts. Therefore, we were unable to conclude that all money was deposited intact. With the exception of one minor discrepancy, which we discussed with Town

⁷ That is, in the same form (cash or check) and amount as received and recorded

⁸ We performed a cash count of the Justice's office on January 29, 2015. Therefore, February 4, 2015 would allow us to ensure all moneys were deposited that were part of the cash count and would allow us to test an accountability.

⁹ The former Clerk served from January 1, 2014 through July 16, 2014, January 1, 2014 through March 31, 2014 under the former Justice and from April 1, 2014 through July 16, 2014 under the current Justice.

¹⁰ From January 1, 2014 through March 31, 2014

and Court officials, we were able to trace total deposits to the Court's records.

The missing receipts were not discovered by Town officials because the Board's annual audit was not sufficient to notice the discrepancies. As a result, officials cannot ensure that the Justice deposited all cash and checks received intact. Upon our notifying them of the annual audit's inadequacies, Town officials did take immediate action and are now performing a more thorough audit. We discussed other minor deficiencies with Town and Court officials during the conduct of our field work, which officials also indicated they would address.

Recommendation

The Justice should:

4. Ensure that duplicate receipts are numbered, issued sequentially and retained where no other evidence of moneys received is available.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

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

TOWN OF COVERT
Michael Reynolds, Supervisor

8469 South Main Street
PO Box 265
Interlaken, New York 14847

607-532-8358 (Office)
607-532-4203 (Fax)
www.townofcovert.org

November 24, 2015

Edward Grant
NYS Comptroller's Office
16 West Main Street – Suite 522
Rochester Office NY 14614-1608

FAX TO 585-454-3545

The Town of Covert has received the report of the Auditor's findings, and on behalf of the Town Board I accept that report and recommendations.

Attached please find our corrective action plan.

Sincerely,

Michael G. Reynolds
Supervisor, Town of Covert

The Board needs to adopt long-term financial plans to effectively manage the Town's finances. The Board has adopted budgets that have relied heavily on appropriated fund balance that cannot be maintained into the future. For example, the town-wide (TW) general and highway funds available fund balance for emergencies and unforeseen expenditures has declined to \$23,880 (5 percent) and \$20,831 (8 percent) of the 2015 appropriations, at December 31, 2014. Fund balance will not be able to continue to finance nonrecurring expenditures or operating deficits and will require a long-term plans to be able to fund future needs. In addition, the Town-outside-village (TOV) highway fund has a negative cash balance of \$41,628 at the end of 2014. This occurred because all funds are comingled in one bank account and appropriate accounting entries were not made to record a cash advance from the TW fund.

Recommendations The Board should: 1. Ensure that budgets are structurally balanced by developing long-term financial and capital plans that project operating and capital needs and financing sources for a three- to five-year period. These plans should be monitored and updated on an ongoing basis.

WHERE AS the recent audit by the New York State Comptroller's office has recommended that the Town of Covert develop a Five Year Long Term Financial Plan, and

WHEREAS there are suggested long-term plans available, now therefore be it RESOLVED that Town of Covert Supervisor Michael Reynolds will work with these recommended Five Year Plans and develop such a plan for the Town of Covert, and be it further

RESOLVED the noted plan shall be ready for review by the Town Board no later than the December 14th, 2015 meeting, with the intent that modifications and final adoption of the plan be done on or before the February 8, 2016 meeting.

2. Adopt a fund balance policy to provide guidance on how fund balance will be used. 3. Maintain fund balances that are sufficient to cover cash flow needs until revenues are available. In the event that interfund advances are necessary, ensure prior approval is granted, the loan is recorded, and the advance is repaid within the same year (with interest, if between different tax bases).

WHEREAS the recent audit by the New York State Comptroller's office has recommended that a fund balance policy be adopted to provide guidance on how fund balance will be accumulated and used, and

WHEREAS the Town of Covert has had an un-official un-written policy which is used in planning the budget, Now therefore be it

RESOLVED that the Town of Covert Supervisor will develop a written policy on the fund balance guidelines, and be it further

RESOLVED that the draft of this policy will be available at the December 14th 2015 meeting, with final adoption of the policy on or before the February 8th, 2016 meeting.

3. Maintain fund balances that are sufficient to cover cash flow needs until revenues are available. In the event that interfund advances are necessary, ensure prior approval is granted, the loan is recorded, and the advance is repaid within the same year (with interest, if between different tax bases).

WHEREAS the recent audit by the New York State Comptroller's office has recommended that a the Town of Covert maintain fund balance that are sufficient to cover cash flow needs, and that interfund advances have the approval of the Supervisor and Town Board, with proper written documentation, and

WHEREAS the Town of Covert had a cash flow shortage at year-end 2014 due to late submission of certain state reimbursement reports, and all funds were maintained in one general savings fund, and

WHEREAS beginning in 2015 two separate savings accounts were instituted for keeping General Fund and Highway Fund savings separate, Now therefore be it RESOLVED that the Town of Covert Supervisor will develop a written policy on the guidelines for interfund transfers, and be it further

RESOLVED that the draft of this policy will be available at the December 14th 2015 meeting, with final adoption of the policy on or before the February 8th, 2016 meeting.

Covert Town Court
8469 South Main Street
P.O. Box 220
Interlaken, New York 14847
Phone (607) 532-4091
Fax (607) 294-4032

November 5, 2015

State of New York
Office of the State Comptroller
Division of Local Government and School Accountability
Attention Mr. Edward V. Grant Jr., Chief Examiner
The Powers Building
16 W. Main Street, Suite 522
Rochester, NY 14614

Re: Response and Corrective Action Plan
Town of Covert Justice Court Report of Examination
Period Covered: January 1, 2014 - May 20, 2015
2015M-180

Dear Chief Examiner Grant:

This letter is in response to the audit conducted by the Office of the State Comptroller in the Town of Covert Court during 2015.

This audit was initiated upon request from this Court after experiencing a significant change in court personnel during 2014. This Court views this auditing process as positive, constructive, and informative. The Court is appreciative for the opportunity to see both its fiscal strengths and weaknesses.

As Town Justice, I have had the opportunity to review the Report of Examination and I agree with its contents with one exception; the audit reported finding 20 missing receipt numbers that the Court was unable to explain or provide support for at the time the Report of

Examination was prepared. While this was true at that time, the Court has since contacted its courtroom record keeping software vendor, Service Education Inc., and with their assistance, is now able to explain and support all but two missing receipt numbers which the Court continues to investigate and find a reasonable explanation for.

In the Court's opinion, one missing receipt number is one too many, and therefore agrees with the recommendations set forth by the Office of the New York State Comptroller.

The Court has pro-actively started taking corrective actions both before and after receiving the Report of Examination.

After careful consideration, a Corrective Action Plan has been created to improve the Court's fiscal management which is set forth herein.

Sincerely,

Eileen M. Schmidt, Town Justice

Corrective Action Plan

Name: Town of Covert
Audit Report: Justice Court
Audit Number: 2015M-180

Introduction:

Following a thorough audit conducted by the Office of the New York State Comptroller in the Town of Covert from January 1, 2014 - May 20, 2015, the Town Court has created a Corrective Action Plan (CAP) to improve its fiscal management. While some of the CAP has already been implemented, some is yet to be implemented.

Audit Recommendation:

Ensure that duplicate receipts are numbered, issued sequentially and retained where no other evidence of moneys received is available.

Implementation Plan of Action(s):

To date, the Court is using duplicate manual press numbered receipts in conjunction with the computerized receipts for all cash transactions. Each receipt is issued sequentially and references the other.

Currently, at the conclusion of every workday, the Court Clerk is to review the daily cashbook report and verify that all receipts and receipt numbers are accounted for and are recorded sequentially. In the event that a receipt or receipt number is found missing, the clerk will immediately investigate, document the discrepancy, and notify the Justice of the problem.

At this time, the Justice regularly examines the cashbook reports to ascertain that all receipts and receipt numbers are sequentially accounted for.

On June 15, 2015, a Memorandum (see attached) was prepared by the Justice that was both acknowledged and signed by court personnel. This Memorandum established a written policy pertaining to the voiding of receipts, and the documenting of voided receipts.

On October 26, 2015, the Court requested additional information from its courtroom record keeping software vendor, [REDACTED] regarding an enhanced security software upgrade. Among other

things, the upgrade would track and report voided transactions and secure receipt numbers. The Court is currently researching the possibility of purchasing this enhanced software upgrade but due to budget restrictions placed upon the Town Court this may not be a viable option.

This is not the first time this option has been considered by this Court. In 2014-2015, the Court submitted a request for financial assistance from the Justice Court Assistance Program (JCAP) in purchasing the enhanced software security upgrade but JCAP did not approve funding for this request.

And lastly, on November 9, 2015, a Resolution is being presented to the Town Board (see attached) seeking the Board's approval to create a Fiscal Procedural Manual for the Court as part of the CAP. This is being done in addition to guidelines set by General Municipal Law, the New York State Comptroller's Office, and The Office of Court Administration. Upon passage of the Resolution, the Court will present a Fiscal Procedural Manual to the Board on or before February 8, 2016.

Signed:

Date:

11/5/15

Eileen M. Schmidt, Town Justice

TOWN OF COVERT TOWN BOARD

SENCEC COUNTY

STATE OF NEW YORK

RESOLUTION # 17-15 Justice Court accurate accounting

The Justice Court must maintain complete and accurate accounting records and safeguard all moneys collected by the Court.

Recommendations The Justice Court should: 1. Ensure that duplicate receipts are numbered, issued sequentially and retained where no other evidence of moneys received is available.

WHERE AS a recent audit by the New York State Comptroller's office recommended the Town of Covert Court ensure that duplicate receipts are numbered, issued sequentially and retained where no other evidence of moneys received is available, and

WHERE AS on June 15, 2015, a Memorandum was written and acknowledged by Court personnel initially addressing the avoidance of, and handling of voided receipts, and

WHERE AS the Court recognizes that beyond guidelines set by General Municipal Law, the New York State Comptroller's office, and The Office of Court Administration, a Fiscal Procedural manual should be established for the Town of Covert Court, and be it further

RESOLVED that the final Fiscal Procedural Manual be presented to the Town of Covert Board on or before February 8, 2016.

Motion: Hunt, Seconded by Vann, to approve the state comptrollers' report and Town Justices Corrective action Plan as required by the Office of the State Comptroller Office . Aye-Vann, Aye-Bishop, Aye-Bosman, Aye-Hunt and Aye-Reynolds.

NOVEMBER 9, 2015

TOWN CLERK COLLEEN R. FREESE

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to examine the Town's budgeting practices and its resultant financial condition and Court financial activity. To achieve our audit objectives and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed Board members and officials and reviewed Board minutes to gain an understanding of the Town's operations and departmental processes and procedures and to determine if the Board had developed policies and procedures and long-term plans.
- We interviewed officials to determine what processes were in place and to gain an understanding of the Town's financial condition and budget process. We reviewed the results of operations and changes in fund balance for all the highway and general funds to analyze fund balance. We also compared budgeted revenues and appropriations to actual results of operations to determine the reasonableness of the Town's budgets. We also reviewed the 2015 budget to determine if the estimated revenues and appropriations were reasonable.
- We performed a cash count, reviewed bank reconciliations and performed an accountability for the Justice.
- We requested a backup of the Justices' automated data, observed the backup and sent the backup to our Applied Technology Unit to be used for analysis against the JCF and DMV data for the period January 1, 2014 through February 4, 2015. We then reviewed the tickets to determine what the fees were, reviewed the checkbook register to determine what amount was collected, reviewed the bank statement to ensure the amount collected was deposited timely and reviewed the case file if necessary for more detail. We also reviewed the gaps in receipt numbers and discussed them with the Justice and current Clerk to determine why these gaps existed.
- We obtained deposit compositions, receipts, automated checkbook reports, monthly reports and bank statements for the Justices from January 1, 2014 through February 5, 2015 to determine if all moneys collected were properly receipted, recorded, deposited and disbursed.

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

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Tracey Hitchen Boyd, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Osego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Bufferalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313