



# Village of Painted Post Board Oversight

## Report of Examination

Period Covered:

July 1, 2015 – October 24, 2016

2017M-92



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**

August 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 Painted Post, entitled Board Oversight. 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 Painted Post (Village) is located in the Town of Erwin in Steuben County and has approximately 1,800 residents. An elected Board of Trustees (Board) is the legislative body responsible for oversight and general management of Village financial operations. The Mayor is the Village's chief executive officer, responsible for day-to-day management under the Board's direction. The Clerk-Treasurer is the chief fiscal officer and is responsible for maintaining custody of all Village money, maintaining the accounting records, preparing financial reports, billing and receiving water and sewer rents and preparing and signing checks. A Deputy Clerk-Treasurer (Deputy) assists the Clerk-Treasurer.

The Village provides various services to its residents including street maintenance and repair, general governmental support, fire and police protection and water and sewer services. The Village's 2016-17 fiscal year budgeted appropriations for the general, water, and sewer funds totaled \$2.5 million, funded primarily by real property taxes, sales tax and user fees.

### **Scope and Objective**

The objective of our audit was to examine the Board's oversight of Village activities for the period July 1, 2015 through October 24, 2016. We extended our scope back to January 1, 2015 to review police compensatory time records. Our audit addressed the following related question:

- Did the Board provide adequate oversight to ensure Village assets are properly accounted for and safeguarded?

### **Audit Results**

The Board did not oversee the Village's financial affairs and did not adopt policies and procedures for cash receipts and disbursements, processing of user charges, payroll, and information technology (IT).

The Clerk-Treasurer and her Deputy collect receipts using the same cash drawer, share responsibility for depositing receipts, and record them using the same user name. Although our review of \$262,433 in tax payment deposits during the period July 2 through November 30, 2015 found no discrepancies, the Clerk-Treasurer did not maintain adequate records of when payments were received or whether late-payment interest and penalties were imposed. As a result, the Village may have lost up to \$10,000 in revenue on \$203,606 of tax payments that were recorded after penalties could have been assessed.

Similarly, key financial procedures in billing and collecting water and sewer charges were not adequately segregated. For the period June 1, 2015 through August 2, 2016, we identified 58 adjustments to

customer accounts with a net reduction totaling \$2,075 with little or no support for the changes. In addition, the Village lost \$741 in revenue from customers paying after the due date and before the timely payments were recorded.

In payroll processing, various departments had different ways of recording employees' time worked or leave usage. Our review of the Village's eight full-time employees' leave records for the period June 1, 2015 through June 30, 2016 found that leave accruals were not calculated in accordance with applicable contracts or the personnel policy, resulting in the overstatement, understatement or incorrect use of accrued leave. Further, although the Board adopted a personnel policy, it does not clarify how compensatory time will be used, documented and monitored. As a result, daily time sheets did not always reflect the actual employee time worked.

The Board has not adopted IT policies and procedures related to acceptable use, online banking and breach notification, and also had no disaster recovery plan. As a result, IT assets are at risk for unauthorized use, and the Village could incur a potentially costly disruption of operations and services. Without clear policies for use of the Village's network, email and the Internet, users are not accountable for the protection of Village resources. The Board also did not enter into a written agreement with its bank for electronic transfers or develop written procedures for handling electronic transfers. As a result, the Clerk-Treasurer both authorizes and initiates electronic transfers of Village money among accounts within the same bank, and the Clerk-Treasurer receives bank confirmations and records electronic transfers without any other Village officials reviewing or approving the transactions.

We also found that the Board's ability to carry out its fiduciary responsibilities was limited because three of the Trustees<sup>1</sup> did not review the monthly Treasurer's report for the three operating funds. The Board did not make budget transfers on a timely basis to control spending during the year, but instead approved the Clerk-Treasurer to make all budget transfers at year-end to close out the current budget. We found that 25 expenditures exceeded appropriations by more than \$300,000 before year-end budget transfers were made. Finally, the Board did not perform or provide for annual audits of the Clerk-Treasurer's records and reports as required by law.

### **Comments of Local 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 findings and indicated they would take corrective action.

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<sup>1</sup> One Trustee was unavailable to interview.

# Introduction

## Background

The Village of Painted Post (Village) is located in the Town of Erwin in Steuben County and has approximately 1,800 residents. The Village provides various services to its residents including street maintenance and repair, general governmental support, fire and police protection and water and sewer services. The Village's 2016-17 fiscal year budgeted appropriations for the general, water, and sewer funds totaled \$2.5 million, funded primarily by real property taxes, sales tax and user fees.

An elected Board of Trustees (Board), composed of four Trustees and the Mayor, governs the Village. The Board is the legislative body responsible for oversight and general management of Village financial operations. The Mayor is the Village's chief executive officer, responsible for day-to-day management under the Board's direction. The Clerk-Treasurer is the chief fiscal officer and is responsible for maintaining custody of all Village money, maintaining the accounting records, preparing financial reports, billing and receiving water and sewer rents and preparing and signing checks. A Deputy Clerk-Treasurer (Deputy) assists the Clerk-Treasurer.

## Objective

The objective of our audit was to examine the Board's oversight of Village activities. Our audit addressed the following related question:

- Did the Board provide adequate oversight to ensure Village assets are properly accounted for and safeguarded?

## Scope and Methodology

We examined the Board's oversight of the Village for the period July 1, 2015 through October 24, 2016. We extended our scope back to January 1, 2015 to review police compensatory time records. Our audit also examined the adequacy of certain information technology controls. Because of the sensitivity of some of this information, we did not discuss the results in this report, but instead communicated them confidentially to Village officials.

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 findings and indicated they would 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 General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Clerk's office.

## Board Oversight

The Board is responsible for overseeing the Village's financial affairs and safeguarding its resources. These duties include establishing a system of internal controls to provide reasonable assurance that cash and other Village resources are properly safeguarded, transactions are authorized and properly recorded, and financial reports are accurate and reliable. The Board must ensure that no one individual controls all aspects of financial transactions, or implement compensating controls. To meet these responsibilities, the Board must adopt appropriate policies and procedures, oversee financial operations including monthly reviews of key reports, and conduct or provide for an annual audit of the Clerk-Treasurer's records and reports.

The Board did not oversee the Village's financial affairs and safeguard its resources. Key financial duties were not segregated, and the Board did not implement compensating controls such as management oversight. Further, the Board did not adopt policies and procedures for payroll processing, cash receipts and disbursements, user charges, and information technology (IT). Finally, the Board did not perform or provide for annual audits of the Clerk-Treasurer's records and reports. The lack of Board oversight results in control weaknesses that increase the risk of error or misuse of Village resources.

### Policies and Procedures

Written policies and procedures are a key component of an organization's internal control environment, as they formally establish and communicate to staff the manner in which to conduct day-to-day operations. Written policies and procedures also provide reasonable assurance that Village assets are adequately safeguarded, and document management's priorities, values and commitment to internal controls. Clearly defined and communicated authorizations can help establish a substantial framework of internal controls.

Village officials are responsible for developing written procedures to implement Board-adopted policies. These written procedures must adequately segregate incompatible duties so that no one individual is responsible for most or all key aspects of a transaction, and include periodic reviews of employees' work. The absence of policies in the following areas contributed to the Village's weak control environment.

Cash Receipts and Disbursements — The Board has not adopted a cash receipts and disbursement policy that requires key duties – such as recordkeeping, preparing and making deposits, and preparing bank reconciliations – to be segregated so that the work of one employee

is routinely verified in the course of another's regular duties.<sup>2</sup> As a result there is a lack of segregation of duties in processing cash receipts and disbursements. Both the Clerk-Treasurer and her Deputy collect receipts using the same cash drawer, share responsibility for depositing receipts, and record them in the financial system using the same user name. The Clerk-Treasurer prepares and signs all disbursements, including payroll, and reconciles the bank accounts with limited oversight from the Mayor.

Due to the lack of segregation of duties we reviewed tax payments deposited from July 2 through November 30, 2015 totaling \$262,433. We found no discrepancies in the collection, deposit and recording of receipts or the processing and reconciliation of disbursements. However, the Clerk-Treasurer did not maintain adequate records of when payments were received, such as a postmarked envelope, or showing whether interest and penalties were imposed. Without a record of payment receipt, it may not be clear whether late-payment penalties and interest should be imposed. For example, we could not determine whether the Village may have lost up to \$10,000 in revenue on \$203,606 of tax payments that were recorded after penalties could have been assessed.

Water and Sewer User Charges — As with cash receipts and disbursements, the Board has not adopted a policy to ensure that key financial procedures related to the billing and collecting of water and sewer charges were adequately segregated. The Clerk-Treasurer prepared and mailed water and sewer bills, and maintained, adjusted and applied penalties to customer accounts without any oversight. The Clerk-Treasurer and Deputy collected water and sewer bill payments, entered receipts in the financial system using the same user name, and prepared and made deposits. Further, the Clerk-Treasurer did not reconcile the receivable control account to the subsidiary ledger, and did not consistently charge penalties and interest.

During the period June 1, 2015 through August 2, 2016, we identified 58 adjustments to customer accounts with a net reduction totaling \$2,075 with little or no support for the changes. Our random review of eight of the 58 adjustments found them to be reasonable. In addition, as of May 31, 2016, the control accounts for water and sewer receivables totaled \$35,171, while the subsidiary accounts totaled \$3,827. Most of the difference was due to incorrectly recording the Village of Riverside's water payments. Finally, the Clerk-Treasurer stated that interest and penalties would not be assessed until all timely

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<sup>2</sup> In situations where it is not practical to adequately segregate the financial duties because of limited staff resources, the policy should establish compensating controls. Such controls could consist of reviews of activity and transactions by supervisory personnel.

payments had been recorded; she allowed two to three additional days for payment of penalties before posting them, and also did not charge penalties for balances of less than \$1. As a result, the Village lost \$741 in revenue from those paying after the due date and before the timely payments were recorded.

Payroll Processing— The Board should adopt a payroll policy to ensure that payroll is disbursed in accordance with all legal requirements and collective bargaining agreements and that employees receive only the salaries and benefits, including paid leave, to which they are entitled. Of the Village’s 30 employees and elected and appointed officials, nine are covered by the terms of the agreement between the Village of Painted Post and Teamsters Local No. 529 (Teamsters Agreement) and two are covered by the terms of the agreement between the Village of Painted Post and Painted Post Police Association, which set their salaries, wages and hours of work. All other employees and officials are covered by the Village’s Personnel Policy and Guidelines which sets their benefits, and by the adopted budget which sets their salaries.

However, we found there was no consistent method for recording employees’ time worked or leave usage. For example, the Department of Public Works (DPW) employees punched a time clock for hours worked, which the Superintendent summarized along with any leave usage;<sup>3</sup> police officers completed daily sign-in sheets and recorded leave usage on the monthly schedule, which the full-time (FT) police officer summarized; the Deputy Clerk-Treasurer completed a timesheet; and the Clerk-Treasurer maintained a calendar to record her leave usage. In addition, only the FT police officer prepared formal leave requests. Finally, employees are paid prior to completing work on the last day of the pay period. This practice is inconsistent with the Teamsters’ Agreement, which allows employees to be paid one week following the previous pay period, and payroll certification provisions of New York State Village Law. Further, the Village is at risk of loss if the employee does not work through the period covered by the payment.

Because the Village lacked a consistent process to maintain leave records and the Board did not provide oversight, we reviewed payroll payments and support for leave accruals and compensatory time. We judgmentally selected nine employees<sup>4</sup> to determine whether pay rates were in accordance with contracts or Board-authorized rates for 2015. We found that payroll was generally paid in accordance with contract or Board-authorized rates.

<sup>3</sup> Except compensatory time

<sup>4</sup> See Appendix B for details of sample selection.

However, our review of the Village's eight full-time employees' leave records for the period June 1, 2015 through June 30, 2016 found that leave accruals were not calculated in accordance with applicable contracts or the personnel policy. As a result, the FT police officer's vacation balance was overstated by eight days and his personal leave was understated by two days; the Superintendent used one day of personal leave that was not recorded and another day that was not available for use; and the Clerk-Treasurer's sick leave use was understated by one day. Finally, four DPW employees' leave records contained 12.5 vacation days and the Superintendent had 10 vacation days at the end of the fiscal year, which were carried forward instead of being paid out in accordance with the applicable collective bargaining agreement or policy.

Although the Board adopted a personnel policy, it does not clarify how compensatory time will be used, documented and monitored. As a result, departments maintained inconsistent compensatory time records, and daily time sheets did not always reflect the actual employee time worked. We reviewed compensatory time records for the same eight full-time employees for the period June 1, 2015 through June 30, 2016 and found that the Superintendent accurately maintained compensatory time records for DPW employees. However, the police chief and FT police officer did not keep adequate or accurate compensatory time records. As a result, we extended our review of their comp records back to January 1, 2015 and also reviewed the police daily sign-in sheets for the accrual and usage of compensatory time. Because one-third of the Police Chief's and 15 percent of the FT police officer's daily sign-in sheets lacked a sign-in and/or a sign-out time and the Police Chief did not maintain compensatory time records from January 1 through June 30, 2015, it is unclear whether the time was worked or leave accruals and/or compensation time was granted and used as paid. In addition, there was no support for the Police Chief's statement that he had an informal agreement with the former Mayor to have a beginning compensatory time balance of 40 hours and to work a four-day work week. The former Mayor did not recall any such agreement.

Had the Board developed policies and procedures that required the use of standardized time sheets and leave requests, centralized maintenance of leave and compensatory time records, and a reconciliation and review process, these errors could have been identified and corrected. Furthermore, inaccurate leave and compensatory time records may result in the Village paying for leave time that is not available or earned.

Information Technology (IT) — The Board has not adopted IT policies and procedures related to acceptable use, online banking and

breach notification. The Board also has not adopted a comprehensive disaster recovery plan. Consequently, IT assets are at risk for unauthorized, inappropriate and wasteful use, and the Village could incur a potentially costly disruption of operations and services. The lack of policies for the following IT functions increases the risk that confidential data could be misused or changed, and Village money lost or stolen.

- **Acceptable Use** — Computers are an integral part of the Village’s financial and network systems. An effective process for safeguarding Village computer assets includes an acceptable computer use policy, which defines the procedures for computer, Internet and email use and holds users accountable for the proper use and protection of Village resources. The Village does not have a computer use policy that addresses all the areas of concern, such as the terms and conditions for network, Internet, and email use.
- **Online Banking** — New York State General Municipal Law (GML) requires that the Board enter into a written agreement with its banking institution, prescribing the manner in which electronic transfers will be made, identifying by number and name those accounts from which the electronic transfers may be made and identifying the officer authorized to make electronic transfers. At least two Village officials should be involved in each electronic transaction, one for authorization and one for transmittal. In addition, Village officials should have a callback provision in the written agreement that requires the bank to call someone other than the person initiating the transaction to confirm the appropriateness of the transfer. The financial institution must provide a written confirmation of the transaction no later than the following business day. The confirmation should not be received by the same individual who initiates the transfers. The Board did not enter into a written agreement with its bank for electronic transfers. In addition, the Board has not adopted a written policy and Village officials have not developed written procedures for electronic transfers. As a result, the Clerk-Treasurer both authorizes and initiates electronic transfers of Village money among accounts within the same bank. The Treasurer also receives bank confirmations and records electronic transfers without any other Village officials reviewing or approving the transactions. We reviewed the transfers and found no issues.
- **Breach Notification** — An individual’s private or financial information, along with confidential business information, could be severely affected if security is breached and personal

data is improperly disclosed. New York State Technology Law requires cities, counties, towns, villages and other local agencies to establish an information breach notification policy. Such a policy should detail how the Village would notify individuals whose private information was, or is reasonably believed to have been, acquired by a person without a valid authorization. The Village does not have an information breach notification policy.

- **Disaster Recovery Plan** — A disaster recovery plan, sometimes called a business continuity plan, specifies how an organization should deal with a disaster such as a power outage, hardware failure, fire, flood or damaging storm. Contingency planning is used to avert or minimize the damage that disasters could cause to operations. Such planning addresses how to keep critical functions operating in the event of disruptions, both large and small, and provides procedures for recovery in the event of an actual loss. The procedures should include precautions to be taken to minimize the effects of a disaster on computer equipment and business operations, provisions for alternate work sites in case of disaster, the timeframe to resume mission-critical functions, the individuals responsible for restoring essential functions of the Village, restoring data to computers and testing the plan to assure that all aspects will function as expected. The plan should identify Village employees and key officials responsible for implementing and maintaining the plan and an alternate worksite where employees should report. Each key official should be provided with a copy of the plan. The Village does not have a disaster recovery plan.

Without adequate policies and procedures, Village employees and officials develop their own methods and interpretations about what is required when performing their duties. Further, a lack of policies and procedures limits oversight and accountability. Without comprehensive IT policies and procedures that explicitly convey acceptable use, online banking and breach notification, Village officials have no assurance that users are aware of their responsibilities and users could inappropriately access and change, destroy or manipulate financial data, especially since user accounts are shared. Furthermore, by failing to adopt a disaster recovery plan, Village personnel have no guidelines or plan to follow to help minimize or prevent the loss of equipment and data or to appropriately recover data. Without a comprehensive disaster recovery plan, the Village could lose important financial data and suffer a serious interruption in Village operations.

## **Budget Monitoring**

The Board needs complete, accurate and current financial reports to effectively oversee the Treasurer's performance, monitor the Village's financial operations and make informed decisions in preparing the annual budget, monitoring revenues and expenditures, and modifying the budget during the fiscal year. Furthermore, the Board should make budget transfers on a timely basis to control spending during the year.

The Board, with the exception of the Mayor, is not properly overseeing the Village's financial operations. The Board's ability to carry out its fiduciary responsibilities was severely limited because the Trustees did not review financial information provided by the Clerk-Treasurer. Although the Board received a monthly Treasurer's report for all three operating funds, three of the Trustees<sup>5</sup> were unaware of receiving this information. Furthermore, the Board did not make budget transfers on a timely basis to control spending during the year, but instead approved the Clerk-Treasurer to make all budget transfers at year-end to close out the current budget. We found 25 expenditures exceeded appropriations by more than \$300,000 before year-end budget transfers were made. As a result, the Board was not effectively monitoring the Village's financial operations and budget, increasing the risk that errors or irregularities could occur and remain undetected and uncorrected.

## **Annual Audit**

Village Law requires the Board to annually audit, or have a Village officer, employee or independent public accountant audit, the financial records of the Treasurer. This annual audit provides an independent verification that transactions have been properly recorded and that cash has been properly accounted for. It also provides Board members with assurance that the financial records and reports contain reliable information on which to base financial decisions.

The Board did not perform annual audits of the Clerk-Treasurer's records and reports, diminishing its ability to monitor the Village's financial operations. The lack of an annual audit also increases the risk that irregularities and errors can occur undetected and not be corrected.

## **Recommendations**

The Board should:

1. Adopt policies and procedures over payroll processing, cash receipts and disbursements, water and sewer usage charges and IT, and periodically review and update them as needed.
2. Restructure its payroll process to avoid making any salary payments to employees in advance of services being rendered, in compliance with Village agreements and statutory provisions for payroll certification.

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<sup>5</sup> One Trustee was unavailable to interview.

3. Develop a standardized timekeeping system and leave request process across all departments and centralize the maintenance of leave and compensatory time records.
4. Review the Treasurer's monthly reports and use them to monitor actual results against the adopted budget, and to provide oversight of the Village's financial operations and check the accuracy of its records.
5. Perform an annual audit of the Treasurer's annual financial report and supporting records, as required by Village Law, or engage the services of a public accountant to conduct the audit.

The Clerk-Treasurer should:

6. Maintain a record or documentation of the date that payments are received.
7. Charge interest and penalties on late water and sewer payments, in accordance with Board policy, and substantiate why any late real property tax payments may not be subject to interest and penalty.

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

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



## VILLAGE OF PAINTED POST

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August 4, 2017

Edward V. Grant Jr  
Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street – Suite 522  
Rochester, New York 14614

Dear Edward:

Re: Village of Painted Post Preliminary Audit Draft Findings.

Upon completion of our exit interview and discussion of Board Oversight Findings, the Clerk/ Treasurer and I find the (7) seven written findings were presented accurately and represented the operating status at the commencement of our audit. The Village has implemented some of the points mentioned in your written findings. However I am in agreement with your findings.

Status report on written findings:

Item (2) Effective 1/1/2017 The pay period was changed to read the following: The pay period for all Village employees will commence on Thursday and end on the following Wednesday. Department time records will be reviewed and payments will be processed on Thursdays.

Item (5) The Board of Trustees currently approves all Water/Sewer adjustments as a monthly Board Meeting Agenda Item. Reasons for the write offs will be explained and supported by documents detailing the Clerk/Treasurers efforts to collect.

Item (6) The Mayor conducts audits of Justice Court on a monthly basis and also completes an Annual Report to the State of New York Unified Court System.

Sincerely,

Ralph R. Foster  
Mayor  
Village of Painted Post

## 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 reviewed Board minutes to gather information about the Village's policies and procedures related to cash receipts, cash disbursements, information technology and payroll. We also gathered information about procedures used to process payroll and to review the Clerk-Treasurer's records.
- We interviewed Board members to determine their level of review of the monthly financial reports from the Clerk-Treasurer.
- We reviewed the Treasurer's accounting records and reports to determine whether the records were complete, accurate and up to date. We also determined whether proper bank reconciliations were performed and whether sufficient financial reports were prepared and filed as required.
- We judgmentally selected all three department heads, a water operator, a sewer operator, the Clerk-Treasurer's deputy, and the full-time police officer, and randomly selected two of the seven remaining DPW employees to determine whether they were paid according to Board-authorized rates for 2015. We also selected the eight full-time Village employees to determine whether leave accruals and compensatory time were supported and calculated in accordance with applicable contracts or the personnel policy.
- We randomly selected the first quarter of 2016, then randomly selected five water and sewer payment journals from this quarter to determine whether the Clerk-Treasurer issued adequate cash receipts.
- We reviewed billed receivables and related adjustments for the water and sewer accounts during the scope period.
- We judgmentally selected May 31, 2016 to determine whether the water and sewer rents receivable accounts reconciled with the customer ledger account balances.
- We judgmentally selected the first quarter in 2016 as both the Deputy and Clerk-Treasurer were performing the duties, randomly selected 40 customers, and judgmentally selected six employees or officials (based on Board members and employees owning properties in the Village) to determine whether water and sewer billings were accurate, deposits were timely and penalties were accurately charged.
- We reviewed tax payments deposited from July 2, 2015 through November 30, 2015 to determine if penalties were imposed and accurate.
- We traced disbursement totals from bank statements to cash disbursements journals and vice versa for both the general fund and water and sewer fund for the period June 1, 2015 through August 31, 2016 to determine whether cash disbursements were accurately recorded and reported.

- We verified that taxes levied per the tax warrant agreed with Board resolutions, the budget and the tax rolls for 2015-16 and 2016-17.
- We reviewed taxes receivable and the associated taxpayers' accounts as of November 5, 2015 and August 30, 2016.
- We contacted the former Mayor to determine whether he could support statements made by the Police Chief.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX C

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