



Village of Great Neck

Transparency of Fiscal Activities

S9-24-20 | December 2024

Contents

- Report Highlights 1**

- Transparency of Fiscal Activities 2**
 - How Should Village Officials Provide Transparency of Fiscal Activities? 2
 - The Board Did Not Provide For an Annual Audit of the CFO’s Records and Reports 3
 - The Board Did Not Ensure the CFO Prepared and Filed the AFR. 4
 - What Do We Recommend? 4

- Appendix A – Response From Village Officials 5**

- Appendix B – General Recordkeeping and CFO Checklist 8**

- Appendix C – Audit Methodology and Standards 11**

- Appendix D – Resources and Services 12**

Report Highlights

Village of Great Neck

Audit Objective

Determine whether the Village of Great Neck (Village) Board of Trustees (Board):

- Conducted an annual audit of the Village Chief Fiscal Officer's (CFO) financial records and reports,
- Filed the required Annual Financial Report (AFR) with the Office of the State Comptroller (OSC), and
- Reported the results of the Village's fiscal activities to the public in a transparent manner.

Key Findings

The Board did not:

- Conduct an annual audit, or cause to be audited, the CFO's 2022-23 fiscal year financial records and reports, as required by New York State Village Law (Village Law) Section 4-408. The 2018-19 fiscal year was the last fiscal year audited; the four subsequent years have not been audited.
- Ensure the past five fiscal year AFRs were prepared and filed with OSC, as required by New York State General Municipal Law (GML) Section 30, or
- Report the results of the Village's fiscal activities for the past four fiscal years to the public, as required by GML Section 30 and Village Law Section 4-408.

Although our review did not identify any significant fiscal concerns with the Village's general fund for the fiscal year 2022-23, the Board's ineffective oversight resulted in a lack of transparency with the public regarding the condition of the CFO's records and the Village's fiscal activities. As a result, taxpayers and interested parties could not assess the Village's financial operations to make informed decisions.

Recommendations

The audit report includes six recommendations to help the Board and Clerk-Treasurer improve the transparency of their fiscal activities. Village officials generally agreed with our recommendations and indicated they have taken or will take corrective action.

Audit Period

June 1, 2022 – October 1, 2023

We extended our review of the last filed AFR to September 2024.

Background

The Village is located in the Town of North Hempstead in Nassau County and is governed by the elected Board, comprising a Village Mayor (Mayor), Deputy Mayor and three Trustees.

The appointed Clerk-Treasurer is the Village's CFO and, in accordance with Village Law Section 4-408, is responsible for the custody of all Village funds, and must:

- Keep accounts of all receipts and expenditures,
- Deposit all funds received in a timely manner,
- Pay out all funds, and
- File a statement at the end of the fiscal year of all revenues and expenditures during the previous fiscal year and the outstanding indebtedness at fiscal year-end.

Quick Facts

2022-23 General Fund Appropriations	\$12.1 million
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Population	11,145
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As of September 30, 2024

Unfiled AFRs	Days Late
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2020	1,492
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2021	1,127
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2022	762
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2023	397
------	-----

2024	31
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Transparency of Fiscal Activities

The public has a fundamental right to know how village officials spend tax dollars to provide various services to the public, including general government support, street maintenance and improvement, snow removal, ambulance services, fire protection and refuse collection. To this end, village officials have a responsibility to ensure comprehensive financial information supporting a village board's actions and village operations is readily accessible and available to the public in a transparent manner.

How Should Village Officials Provide Transparency of Fiscal Activities?

A village board is responsible for overseeing the village's financial operations and safeguarding its resources and is required by Village Law Section 4-408 to annually audit, or cause to be audited, the village CFO's¹ books and records. These books and records include:

- Cash receipt and disbursement transactions,
- Cash reconciliations,
- Receivables,
- Investment records,
- Deposit protections,
- Indebtedness and property records,
- Payrolls, and
- Financial reports.

The audit of these records should be thorough and sufficiently detailed and helps to ensure that sufficient board oversight is being maintained over village operations. An audit of the CFO's records should determine that the following minimum concerns are met:

- Financial records are complete and up to date,
- Transactions are recorded properly,
- Reconciliations are performed monthly, and
- Required reports are made in a timely and accurate manner.

Appendix B includes a checklist and OSC guidance on conducting an annual audit excerpted from our Local Government Management Guide publication *Fiscal Oversight Responsibilities of the Governing Board*.² At a minimum, audits provide the village board with the opportunity to assess the effectiveness of financial operations. An annual audit also provides an independent verification that transactions are properly recorded, village money is properly accounted for and whether any significant fiscal concerns exist.

Furthermore, GML Section 30 requires a CFO to prepare and file an annual report of the village's financial position and results of operations, known as the AFR, with OSC within 90 days³ after the close of the fiscal year. The AFR provides detailed information about the village's finances and includes such items as revenues, expenditures, debt, cash reserves and fund balance.

¹ A village can appoint an individual to serve as both clerk and treasurer, or have separate individuals serving as Village Clerk, and as Village Treasurer. Generally, the clerk-treasurer position encompasses the main responsibilities of the treasurer's area of financial accountability and reporting.

² Available at <https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>.

³ Villages with populations under 5,000 have 60 days to file, between 5,000 to 19,999 have 90 days, and populations with 20,000 or more have 120 days.

As part of its oversight responsibilities, a village board should ensure the CFO prepares and files the AFR as required. In addition, the AFR must be made available to the public in accordance with:

- Village Law Section 4-408 which requires the board to publish a notice in the village's official newspaper within 10 days that the AFR has been filed and is available to the public for inspection, and
- GML Section 30 which requires a village to make the AFR accessible to the public on its official website.

Gaps or delays in preparing records, completing annual audits and filing reports undermine transparency and create missed opportunities to identify fiscal concerns earlier when it might be more easily remedied.

The Board Did Not Provide For an Annual Audit of the CFO's Records and Reports

The Board did not audit, or cause to be audited, the CFO's records and reports for the fiscal year ending May 31, 2023. The last audit completed was performed by a certified public accounting (CPA) firm for the fiscal year ending May 31, 2019, in October 2021.

The Mayor and Deputy Mayor told us that they were aware of the annual audit requirement, and that the CPA firm performs the Village's annual audit. One Trustee said she was unaware of the annual audit requirement. The Clerk-Treasurer told us the CPA firm audited the Village for the fiscal year ending May 31, 2020, and provided us a copy of the draft, which was issued to the Village in October 2023. The Deputy Mayor told us that completing the 2020 CPA audit and beginning the 2021 fiscal year audit was delayed because the Clerk-Treasurer had not yet reviewed the draft.

Due to the Board's inaction, we performed an annual audit of the CFO's records for the fiscal year ending May 31, 2023, using OSC guidance available to, and for, Trustees of the Village. Overall, we determined the CFO's records were properly maintained and up to date, including bank reconciliations.

The Mayor, Deputy Mayor and one Trustee told us that the Board does not receive monthly financial reports such as a budget status report or trial balance report. Although the Clerk-Treasurer maintains a spreadsheet that tracks the Village's general fund, reserve and bank balances, he told us the report is not provided to the Board because the Board has not requested it, and he does not feel comfortable providing unaudited financial information. Instead, he told us he verbally updates the Board during meetings on the amount of Village fund balance available. However, verbal updates on the amount of available fund balance is not a substitution for providing the Board monthly unaudited financial reports. Furthermore, it is the Board's responsibility to audit, or cause to be audited, the CFO's books and records. Without timely financial reports, the Board cannot effectively monitor the Village's fund balance and actual results of operations against budget estimates.

The Board Did Not Ensure the CFO Prepared and Filed the AFR

The Clerk-Treasurer has not filed the AFR with OSC for the last five fiscal years, including the 2019-20 through the 2023-24 fiscal years. As a result, there was no notification to the public of available annual financial information, as required by Village Law Section 4-408 and GML Section 30.

The Mayor and Deputy Mayor said they knew it was a requirement to file the AFR with OSC within 90 days after the close of the fiscal year. However, the Clerk-Treasurer and the Deputy Mayor told us that the AFR was not filed because:

- The Village experienced turnover with three different Deputy Treasurers over a four-year period.
- The Clerk-Treasurer was busy relocating Village offices and records to the current Village Hall location after a fire at the previous Village Hall location in August 2022.

However, it is the responsibility of the Clerk-Treasurer, as the Village's CFO, to prepare and file the AFR with OSC. Furthermore, three of the five fiscal years with unfiled AFRs, 2019-20, 2020-21 and 2021-22, occurred prior to the fire at the previous Village Hall.

Due to the Village's lack of transparency, taxpayers, residents and other interested parties were not able to properly assess the Village's financial operations and financial condition using Village records to make informed decisions.

We reviewed the Village's bank ending balances and compared them to the following year's budget for the Village's general fund for the 2022-23 fiscal year. Although we did not identify any significant fiscal concerns, the Board's ineffective oversight of fiscal activities resulted in a lack of transparency with the public.

What Do We Recommend?

The Board should provide oversight and transparency by:

1. Conducting the annual audit of the Clerk-Treasurer's records and reports or causing the audit to be performed.
2. Ensuring the CFO prepares and files the AFR.
3. Notifying the public that the AFR is available and posting the AFR to the Village's website.
4. Attending applicable and beneficial training sessions to obtain a better understanding of its duties. Training provided by OSC can be found at www.osc.ny.gov/localgov/academy/index.htm

The Clerk-Treasurer, as the Village's CFO, should:

5. Provide timely and complete financial reports to the Board.
6. Prepare and file the AFR with OSC as required.

Appendix A: Response From Village Officials



Village of Great Neck

767 Middle Neck Road, Great Neck, NY 11024
Tel: 516-482-2000 Fax: 516-482-2606

Mayor
Pedram Bral
Deputy Mayor & Trustee
Barton Sobel
Trustees
Steven Hope
Eli Kashi
Anne Mendelson

November 8, 2024

██████████
Division of Local Government and School Accountability
Office of the New York State Comptroller
110 State Street
Albany, New York 12236

Re: Village of Great Neck
Response from Village Officials

Dear ██████████,

The Village of Great Neck is strategically located in the Great Neck Peninsula, with proximity to New York City. According to the 2020 census, the Village had 11,000 residents, a 10% increase from the 2010 census. The housing market in Great Neck is robust. Multiple revitalization dwelling projects, both residential and commercial, continue to draw new residents and new businesses.

An excellent network of roads leads to and from the Village. The Long Island Railroad operates at frequent intervals from nearby Great Neck Plaza, enabling a direct and brief commute for residents to midtown Manhattan. School facilities are furnished by the Great Neck Union Free School District, consistently ranked one of the Top 100 in the State and high rankings in the Country.

Upon taking the office in July 2015, the new administration has been responsible for the Village's growth in not only population, but financially as well. As a result of the meticulous planning of the Board, coupled with strategically hiring qualified professionals, the Village is financially robust and strong, as recognized in the Office of the State Controller's Report. Despite raising the tax levy only once by 1.5% since 2015, seven out of the past nine fiscal years have ended with a surplus of nearly \$5,000,000, resulting in a general fund balance of nearly \$12,000,000.

With such a strong financial result, the Village has called a few of its high-interest rate outstanding bonds and has not required any new bonds since 2018. This would not have been possible without the Board's clear vision and thorough planning, together with the calculated hiring of competent professionals who perform and achieve the critical task of serving the public in earnest. As a result, trust from the public in the institution remains strong.

In response to the Office of State Comptroller’s Report of Examination, referencing the shortcomings of the Board in auditing the Village’s financial records, there were several obstacles that the Village had to overcome to accomplish the task at hand. In 2019, upon departure of the Village’s Clerk-Treasurer, the process to select a candidate started immediately. This coincided with the departure of other prominent Village staff that further hindered the ability of the Board to comply with the State requirements. In late 2019, the Village was able to fill two high positions. The outbreak of Covid-19 in early 2020, and the state mandating reduction in task force, resulted in the vulnerability of the Villages throughout the state to perform critical functions remotely, including providing seamless service to the residents. The Board’s priority was to ensure all Village employees remained healthy and implemented a rotating skeleton staff who worked at Village Hall, while other staff worked from home with no access to technology or office applications or files to serve the public.

As the year progressed and Covid-19 restrictions eased for the workforce, the Board resumed its search for qualified candidates to fill remaining vacant key positions, including Deputy Treasurer. Upon completion of the interview process, a successful candidate was hired, and priority was given to accurately record the backlog of receipts, updating all records, and bank reconciliations. Unfortunately, in late spring of 2022, both the Village Deputy Clerk and Deputy Treasurer resigned, within 60 days of each other, just as the Village’s workflow was returning to normal. A Deputy Clerk was appointed within 90 days, relieving the Clerk-Treasurer from the duties of the day-to-day operation. The Board directed the Clerk-Treasurer to focus on preparing and submitting proper documentation to the Village’s 3rd party auditor so an audit could be conducted, however, the Deputy Treasurer position remained vacant.

Just a few months later, in August of 2022, the Village experienced a catastrophic fire and while there was no loss to any financial records or documents, this destructive event further restrained the ability of an already understaffed workforce. As a result of this incident, the Village was required to seek and relocate to a new work site, further exacerbating the ability of Village staff to perform their state mandated work requirements.

The Board commends the staff for their cooperation, perseverance and eagerness in assisting and restoring critical records, and providing excellent service to its residents. Additionally, the staff worked effortlessly in preserving all Village assets, including financial documents, and various accumulated archived documents pertaining to the operation of the Village. The Village was fully operational by the beginning of 2023; however, the Village faced difficulty in finding a qualified professional to fill the Deputy Treasurer position. The fire, although devastating and bringing many challenges to the Village and its staff, enabled the Village to reassess the ability to function remotely and prepare for potential unexpected interruptions in the future. The Village has filled the vacant position of Deputy Treasurer with two qualified individuals since then. The individuals have brought the Village’s financial records up to date, as indicated in the state report.

The Board has directed the Clerk-Treasurer to focus his priority on complying with the state requirements for transparency. As stated in *Key Findings*, under *Report Highlights* of the Office of the State Comptroller’s Report of Examination, the “review did not identify any significant fiscal concern with the Village’s General Fund”. It is the Mayor and the Board’s priority to continue to provide services at the highest standard to the Village residents at a financial level that is not a burden to the taxpayers. The Board believes that this has been successfully achieved.

Although the Board regrets its failure to cause the CFO's financial records and reports to be audited, resulting in an issue of transparency of fiscal activities, considering the catastrophic events that the Village has endured, the Village remains triumphant.

Since meeting with esteemed members of the Office of the State Controller, who were not only professional but helpful, the Village is looking to implement new and upgraded financial software for the use by the Chief Financial Officer. We would like to thank the Office of the State Comptroller for their service and restoring confidence in public service to the residents of the State.

Respectfully Submitted,

Pedram Bral, M.D.
Village of Great Neck
Mayor

CC: Barton Sobel, Deputy Mayor
Steven Hope, Trustee
Eli Kashi, Trustee
Anne Mendelson, Trustee
Abraham Cohan, Clerk-Treasurer

Appendix B: General Recordkeeping and CFO Checklist

Determine the types of funds in use, and whether separate cash receipts and disbursements books are maintained for the various funds or whether a single cash receipts and single cash disbursements book is maintained. The following checklist can be used for each fund maintained and is excerpted from pages 26-28 of our publication Local Government Management Guide publication *Fiscal Oversight Responsibilities of the Governing Board* available at: <https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

Cash Receipts	YES	NO
Is the cash receipts journal up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash receipts journal maintained in a manner that identifies the date received, payer, purpose and the amount either individually or totals referenced to subsidiary receipt records (e.g., water rents receipts register)?	<input type="checkbox"/>	<input type="checkbox"/>
Are un-deposited cash receipts safeguarded?	<input type="checkbox"/>	<input type="checkbox"/>
Are duplicate deposit slips kept?	<input type="checkbox"/>	<input type="checkbox"/>
Do deposit amounts agree with cash receipt amounts?	<input type="checkbox"/>	<input type="checkbox"/>
Are deposits made timely and recorded up-to-date? <i>Last Recorded Deposit: Date _____ Amount _____</i>	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash receipts journal totaled and summarized monthly?	<input type="checkbox"/>	<input type="checkbox"/>

Cash Disbursements	YES	NO
Is the cash disbursements journal up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash disbursements journal maintained in a manner to identify amounts disbursed either individually or totals referenced to abstracts or payrolls?	<input type="checkbox"/>	<input type="checkbox"/>
Are pre-numbered checks used for all disbursements (other than petty cash)?	<input type="checkbox"/>	<input type="checkbox"/>
Are all checks signed by the chief fiscal officer and co-signed if required?	<input type="checkbox"/>	<input type="checkbox"/>
If checks are signed electronically, is the signature stamp or software in the custody and control of the chief fiscal officer?	<input type="checkbox"/>	<input type="checkbox"/>
Are canceled checks or check images returned with bank statements and maintained on file?	<input type="checkbox"/>	<input type="checkbox"/>
Are all unused checks properly controlled (blank check stock)?	<input type="checkbox"/>	<input type="checkbox"/>
Are checks recorded up-to-date? <i>Last Recorded Check: # _____ Date _____ Amount _____</i>	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash disbursements journal totaled and summarized monthly?	<input type="checkbox"/>	<input type="checkbox"/>
Are payments supported by appropriate documentation? Consider comparing a sample of disbursements with supporting documentation.	<input type="checkbox"/>	<input type="checkbox"/>

Cash Reconciliations			YES	NO
Are bank accounts reconciled?			<input type="checkbox"/>	<input type="checkbox"/>
<i>By Whom?</i> _____				
<i>How Often?</i> _____				
<i>Who Reviews/Verifies Them?</i> _____				
Is the bank reconciliation performed by a person whose job duties do not include maintaining either the cash receipts or disbursements journals or receiving or disbursing cash?			<input type="checkbox"/>	<input type="checkbox"/>
Is the bank reconciliation performed in a timely manner after the bank statement is received?			<input type="checkbox"/>	<input type="checkbox"/>
Last Bank Reconciliation for Each Bank Account				
Bank Account	Date Performed	Month Ending		
Are reconciliations documented and available for review?			<input type="checkbox"/>	<input type="checkbox"/>
Does the reconciled bank balance agree with the cash balance recorded in the accounting records?			<input type="checkbox"/>	<input type="checkbox"/>

Receivables	YES	NO
Are receivable control accounts maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Is there indication that the receivable control accounts are reconciled to the detail subsidiary records?	<input type="checkbox"/>	<input type="checkbox"/>

Investment Records	YES	NO
Is an investment record maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Is the record complete and up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>

Deposit Protection	YES	NO
Has the bank pledged adequate, eligible securities to protect deposits and investments (under the custody of the chief fiscal officer) that exceed FDIC insurance protection?	<input type="checkbox"/>	<input type="checkbox"/>

Indebtedness Records <i>(This record is maintained by the clerk in certain local governments)</i>	YES	NO
Is an indebtedness register maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Is the register complete and up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>

Property Records	YES	NO
Are property records maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Are the records up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Are all fixed assets included in the records?	<input type="checkbox"/>	<input type="checkbox"/>
Are physical inventories taken and compared to the records?	<input type="checkbox"/>	<input type="checkbox"/>

Financial Reporting	YES	NO
Are interim reports (budget/actual; trial balances; etc.) prepared?	<input type="checkbox"/>	<input type="checkbox"/>
Are the reports distributed to the governing board and department heads?	<input type="checkbox"/>	<input type="checkbox"/>
Does total year-end recorded cash agree with that reported in the annual financial report?	<input type="checkbox"/>	<input type="checkbox"/>

Payrolls	YES	NO
Are payrolls certified/approved by the appropriate official?	<input type="checkbox"/>	<input type="checkbox"/>
Are pay rates in accordance with collective bargaining agreements and other lawful employment contracts, or board resolutions?	<input type="checkbox"/>	<input type="checkbox"/>
Is leave time accounted for?	<input type="checkbox"/>	<input type="checkbox"/>

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We reviewed Board meeting minutes and interviewed the Mayor, Deputy Mayor, Clerk-Treasurer and one Trustee to gain an understanding of the Village's operations and the Board's oversight regarding annual audits, filing of the AFR and review of financial reports.
- We performed an annual audit of the Clerk-Treasurer's records for the fiscal year ended May 31, 2023, using OSC guidance available to Board members.
- We assessed whether the Village experienced any significant fiscal concerns by reviewing the bank ending balances and compared them to the following year's budget for the general fund for the fiscal year 2022-23.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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.

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 provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk-Treasurer's office.

Appendix D: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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<https://www.osc.ny.gov/local-government>

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

STATEWIDE AUDITS – Dina M.L. Thompson, , Chief of Municipal Audits

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

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[osc.ny.gov](https://www.osc.ny.gov)

