



Village of Pomona

Transparency of Fiscal Activities

S9-24-17 | December 2024

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Report Highlights

Village of Pomona

Audit Objective

Determine whether the Village of Pomona (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 financial records and reports as required by New York State Village Law (Village Law) Section 4-408. The last completed audit was for the fiscal year ending May 31, 2021.
- Ensure the AFR was prepared and filed with OSC, as required by New York State General Municipal Law (GML) Section 30.
- Report the results of the Village's fiscal activities to the public, as required by GML Section 30 and Village Law Section 4-408.

In addition, there was no evidence the Board reviewed and approved the Treasurer's records for completeness, accuracy and timeliness or discussed the reports. Further, because no one reviews the Treasurer's bank reconciliations, the Board cannot be assured reported cash balances are accurate.

The Board's ineffective oversight resulted in:

- A limited ability to oversee financial operations,
- An increased risk of errors and/or irregularities, and
- A lack of transparency with the public regarding the Village's fiscal activities.

Recommendations

The audit report includes five recommendations to help the Board and CFO improve the transparency of their fiscal activities. Village officials generally agreed with our recommendations and indicated they will take corrective action.

Audit Period

June 1, 2022 – October 1, 2023

We extended our reviews for significant fiscal concerns to fiscal year 2024 and of the last filed AFR to include the month of September 2024.

Background

The Village is located in the Towns of Haverstraw and Ramapo in Rockland County and is governed by the elected Board, comprising a Village Mayor (Mayor), Deputy Mayor and three Trustees.

The appointed 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 year-end.

Quick Facts

2022-23 General Fund Appropriations	\$3.2 million
Population	3,824
As of September 30, 2024	
Unfiled AFRs	Days Late
2023	427
2024	61

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, culture and recreation, home and community services, street maintenance, police and fire services, 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, that 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 60 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, 2021 in March 2023.

The Mayor and Treasurer told us the CPA firm had staffing issues and was not able to provide the Village's audit services in a timely manner. The Mayor and Deputy Mayor told us that although they were aware of the annual audit requirement, and that the Board could audit the records on its own, because the Village engaged a CPA for the audit services they relied on the CPA to conduct the annual audit. They also told us they are seeking competition for another CPA firm.

Additionally, the Deputy Mayor told us the Board was fulfilling the audit requirement by reviewing and approving the CFO's monthly reports at each Board meeting. The Treasurer, as the Village's CFO, prepares a "Treasurer's Report" packet which consists of:

- A Balance Sheet,
- Income and Expenses statement,
- Listing for approval of claims payment,
- Payroll register,
- Year-to-date budget status report, and
- Year-to-date revenue and expenses report with a prior-period comparison.

We reviewed Board meeting minutes for the audit period and although the Board approved payment of claims and payroll during their monthly meetings, there was no evidence they approved the Treasurer's Report, reviewed the Treasurer's records for completeness, accuracy and timeliness or discussed the reports. While the Board's review of monthly reports is a good start, an audit of the reports' supporting records would ensure transactions are complete, timely and accurately recorded.

We performed an annual audit of the CFO's records for the year ending May 31, 2023, as if we were a Board member, using OSC guidance available to, and for, Trustees of the Village. We determined the CFO's records were properly maintained and up-to-date and interim reports were generated and provided to the Board monthly.

We also determined that no one reviews the bank reconciliations prepared by the Treasurer. The Deputy Mayor told us he was not sure what to review but the Mayor and he have access to online banking and log in periodically to review account activities. If they have questions about any transactions, they immediately reach out to the Treasurer to clarify.

Without a review of the Treasurer's bank reconciliations, the Board cannot be assured that the cash balances reported in the monthly balance sheet are accurate. In addition, because the Treasurer receives and disburses cash, maintains the accounting records and reconciles bank statements, it is important to have sufficient oversight controls to ensure the accuracy of the accounting records.

Without effective Board oversight of fiscal activities, the Board's ability to oversee the Village's financial operations is limited and therefore, the Village had an increased risk that errors and/or irregularities could occur and remain uncorrected.

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

The Treasurer had not prepared and filed the AFRs with OSC for the 2021-22 and 2022-23 fiscal years. After the beginning of our audit, the Village's CPA firm filed the AFR for the fiscal year 2021-22 in August 2024. The 2022-23 and 2023-24 AFRs remains unfiled. As a result, the annual financial information for the last three fiscal years has not been available to the public as required.

The Treasurer, Mayor and Deputy Mayor told us that the AFRs were not filed because the Village's CPA firm prepares and files the AFR on the Village's behalf and, because of the CPA firm's staffing issues, it did not provide the services in a timely manner; the firm just completed and filed the 2020-21 AFR in February 2024 and the 2021-22 AFR in August 2024. The Treasurer told us she works part time and would not be able to prepare an AFR as doing so would be overwhelming in addition to her current responsibilities. However, GML Section 30 requires the Treasurer, as the Village's CFO, to prepare and file the AFR with OSC within 60 days.

Due to the lack of transparency, taxpayers 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 results of operations and analyzed changes in the components of fund balance for the Village's general fund for the year 2022-23 and noted the Village had a negative fund balance due to a \$2.5 million judgment claim paid in fiscal year 2021-22. We expanded our analysis to fiscal year 2023-24 and determined the Village was able to attain a positive fund balance due to operating surpluses and, therefore, we did not identify any significant fiscal concerns. Nevertheless, 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 Treasurer's records and reports or causing the audit to be performed in a timely manner.

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2. Ensuring the Treasurer prepares and files the annual financial report.
 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 Treasurer, as the Village's CFO, should:

5. Prepare and file the AFR with OSC as required.

Appendix A: Response From Village Officials



Nov 11, 2024

The Village of Pomona has reviewed the draft report from the Comptroller's Office (S9-24-17) and provides this response.

The Village currently reviews all bills and vouchers on a regular basis as presented to the Village Board. However, the Village will audit the 2022-2023 financial records and reports as required by the New York State Village Law § 4-408.

As discussed with the Comptroller's Office, the Village AFR reports are in progress and being prepared by the Village Treasurer in conjunction with the Mayor. The Village has very limited staff due to the small size of the Village and no financial assistance is provided by the State to carry out the statutory mandates. Once complete, the AFR will be filed pursuant to General Municipal Law § 30 and the results of the Village's fiscal activities will be reported to the public, as required by GML § 30 and Village Law § 4-408.

With respect to the Comptroller's recommendations, the Village will:

1. Conduct the annual audit of the Treasurer's records and reports or cause the audit to be performed in a timely manner.
2. Ensure that the Treasurer prepares and files the AFR.
3. Notify the public that the AFR is available and post the AFR to the Village's website.
4. Will share the online training information provided by the Comptroller with Village staff involved in the fiscal auditing and reporting within the Village in order to ensure a better understanding of the duties involved.
5. Ensure that the Treasurer files the AFR with the Office of the State Comptroller as required.

As discussed with the Comptroller's representatives, the Village notes that while it appreciates the value and necessity of audits by the Comptroller's office, the majority of the 2020 Village Board had communicated concerns to the Comptroller's Office in February, May and July of 2020 concerning financial irregularities and improper actions by a municipal official that were occurring under a prior administration in the Village. However, the Comptroller's Office did not respond with any audit or inquiry to address the issues of concern that were reported. The Comptroller's Office needs to have a workable system in place for addressing and responding to reports from municipal officials concerning financial irregularities, fraud or related matters of concern in municipal government. Such matters should be given priority over routine municipal audits that largely concern procedural failures of lesser significance in contrast to blatant and improper acts by municipal officials.

Best regards,

Mayor Ilan Fuchs

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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/Verfies 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, our audit procedures included the following:

- We reviewed Board meeting minutes and interviewed the Mayor, Deputy Mayor, and Treasurer, 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 Treasurer's records for the year ending May 31, 2023, using guidance provided to Board members by OSC.
- We reviewed judgmental sample of receipts and disbursement transactions for May 2023 to identify the dates these transactions were entered into the accounting records.
- We assessed whether the Village has experienced any significant fiscal concerns by reviewing the Treasurer's records and reports showing composition of fund balance, operating results and budgeted appropriations.

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'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

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