



Town of Warsaw

Tax Collection Remittance

P1-24-22 | January 2025

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Report Highlights

Town of Warsaw

Audit Objective

Determine whether the Town of Warsaw (Town) Town Clerk/Tax Collector (Clerk) remitted all collections as required by New York State Town Law (Town Law).

Key Findings

The Clerk did not remit collections to the Town Supervisor (Supervisor) and Wyoming County (County) Treasurer within the timeframes established by Town Law Section 35. As a result, funds were not provided to finance Town and County operations in a timely manner.

- The Clerk did not remit taxes totaling approximately \$1.3 million to the Supervisor at least weekly and as required by Town Law.
- The Clerk made one payment totaling approximately \$3.1 million to the County Treasurer in April 2024, instead of paying three separate required payments totaling approximately \$2.8 million in February, \$156,000 in March and \$198,000 in April.
- The Board did not audit the Clerk's records as required.

Recommendations

The audit report includes three recommendations that, if implemented, will improve the Town's tax collection practices.

Town officials agreed with our recommendations and indicated that they planned to initiate corrective action.

Audit Period

January 1, 2024 – September 9, 2024

Background

The Town is located in Wyoming County and is governed by an elected five-member Town Board (Board), which includes the Supervisor.

The Board is responsible for overseeing Town finances and operations, including overseeing the elected Clerk's operations. Also, the Board is required by Town Law Section 123 to conduct an annual audit of the Clerk's records.

The Clerk serves as the Town's tax collector and is responsible for collecting and remitting Town and County real property taxes to the Supervisor and County Treasurer.

The Clerk collects real property taxes from January 1 through March 31 each year. After that, the County collects any overdue taxes.

Quick Facts

2024 Real Property Taxes Collected	\$4.5 million
Taxable Parcels	2,310
Resident Population	5,316

Tax Collections

What Are the Remittance Requirements of Town Law?

Town Law Section 35 requires a tax collector to remit collections (including any interest and penalties, received and deposited) to the town supervisor at least once each week, or at more frequent times as may be specified by a resolution of a town board, until the town's portion of the real property tax levy is paid in full. After the town's portion of the warrant is fully collected and remitted, Town Law Section 35 also requires the tax collector to remit all additional tax collections to the county treasurer no later than the 15th day of each month following the date of receipt. When collections are not remitted as required, funds will not be available to finance operations, and they can be at risk of being lost, stolen or used for unauthorized purposes.

Collections Were Not Remitted as Required

We reviewed all tax collection remittances totaling approximately \$4.5 million made to the Supervisor and County Treasurer for the 2024 fiscal year and determined that the Clerk did not make remittances in accordance with Town Law. The Clerk should have made weekly remittances until the Town's portion of the real property tax levy was satisfied. Therefore, the Clerk should have remitted four payments to the Supervisor in January 2024. Instead, the Clerk remitted one payment totaling \$228,001 to the Supervisor on January 19, 2024 and another payment to the Supervisor totaling \$1,106,300 on February 2, 2024.

In addition, with the Town's portion of the tax levy being satisfied, the Clerk should have remitted \$2,795,042 to the County Treasurer by February 15, 2024, \$155,269 by March 15, 2024 and \$191,681 by April 15, 2024, with the last one being a final settlement payment. Instead, the Clerk made one single payment totaling \$3,141,992 to the County Treasurer on April 12, 2024.

The Clerk told us that she did not remit collections to the County Treasurer as required because previous County employees said it was not necessary. However, the Clerk could not provide us with any written documentation to support this claim. Regardless, the County Treasurer gave the Clerk specific written instructions at the beginning of the 2024 collection cycle that included the required deadlines for remittances to the Supervisor and County Treasurer. Therefore, the Clerk was aware of the statutory deadlines and should have made remittances as required.

In addition, the entire Board did not conduct an annual audit of the Clerk's records, as required by Town Law Section 123. Had the entire Board conducted the annual audit, the Board members may have identified the untimely payments and could have initiated corrective action.

Three Board members told us they did not know that the Board was required to perform an annual audit of the Clerk's records. They also said that they assumed the Supervisor would conduct any needed or required audits. In addition, these Board members told us that they were unfamiliar with OSC's publication *Local Government Management Guide – Fiscal Oversight Responsibilities of the Governing Board* (Figure 1) which discusses the Board's audit responsibilities.

The Clerk told us that the Supervisor reviewed her 2023 and 2024 records, but she was unsure whether the Supervisor performed an audit. She also told us that no other Board members took part in the review. The Supervisor told us that she had reviewed the Clerk's records but did not perform an audit. The Supervisor also said that she was unaware of the annual audit requirements and OSC's publication that references the annual audit requirements.

Because the Clerk did not remit collections as required, funds were not available to finance Town and County operations in a timely manner. Also, the delays increased the risk that the funds could be lost, stolen or used for unauthorized purposes.

What Do We Recommend?

The Supervisor and Board should:

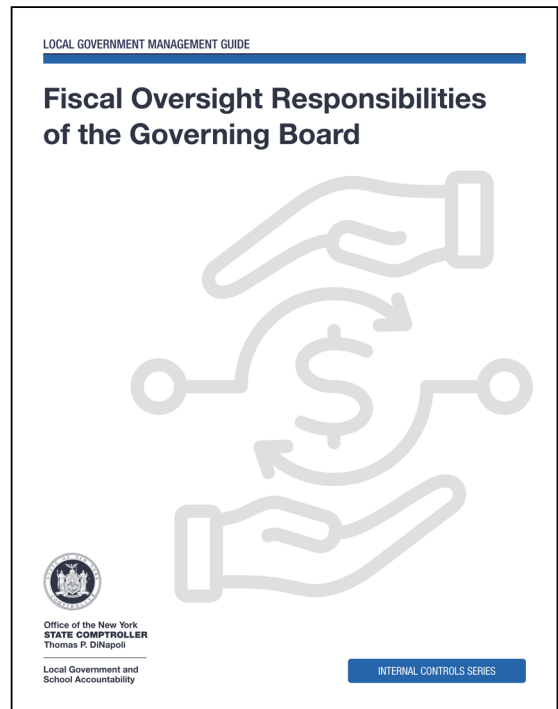
1. Review the publication linked in this report to become familiar with their required audit responsibilities.
2. Ensure that the entire Board conducts an annual audit of the Clerk's records as required.

The Clerk should:

3. Remit collections to the Supervisor and County Treasurer within the timeframes established by Town Law.

FIGURE 1

OSC Publication



Local Government Management Guide – Fiscal Oversight Responsibilities of the Governing Board

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

Appendix A: Response From Town Officials

TOWN OF WARSAW

83 Center Street Warsaw, NY 14569

Phone: 585-786-2800 ext. 1 Fax: 585-786-0475

townofwarsawny.org

Supervisor	Councilman	Councilman	Councilman	Councilman	Town Clerk
Rebecca Ryan	Dave Mateer	Chris Lonneville	Steve Perkins	Travis Jones	Cathy Smith

December 31, 2024

Melissa A. Myers
Chief of Municipal Audits
295 Main Street, Suite 1032
Buffalo, NY 14203-2510
Email: Muni-Buffalo@osc.ny.gov

Dear Ms. Myers:

The Town Clerk and I have reviewed and discussed the preliminary draft findings of the OSC Audit that was recently completed by you and your team. We have also reviewed the publication linked in this report in an effort to become more familiar with our required audit responsibilities.

Currently the Board reviews for approval each month, the Clerk's Report of all financial transactions that have occurred by the Clerk for the past month's business cycle. The Supervisor deposits the Clerk's checks reflecting those transactions, making note of the proper sequence of check numbers and comparing to written receipts.

We agree and appreciate recommendations to better improve our system of checks and balances. In an effort to achieve that goal we make the following responses to the three recommendations provided in the Report of Examination:

- 1. The Supervisor and Board should review the publication linked in this report to become familiar with our required audit responsibilities.**

Each Board member has been furnished with a copy of OSC's publication "Local Government Management Guide - Fiscal Oversight". This publication has been included with our annual policies and procedures to be reviewed annually by the Town Clerk/Tax Collector, Supervisor and Town Councilmembers in order to remain apprised of our audit responsibilities. It will be included and memorialized in our organizational meeting minutes.

2. The Supervisor and Board should ensure that the entire Board conducts an annual audit of the Clerk's records as required.

The entire Board and the Supervisor will conduct an annual audit of the Clerk's Report to include tax collection remittance. Said completed audit will be discussed and memorialized in the meeting minutes. If any untimely payments are identified corrective action will be initiated immediately.

3. The Clerk should remit collections to the Supervisor and County Treasurer within the timeframes established by Town Law.

The Clerk will remit collections to the Supervisor weekly until the Town portion of the real property tax levy is satisfied. The Clerk will remit collections to the County Treasurer by February 15, March 15, and April 15 with the last one being a final settlement payment.

Again, we appreciate and will use this report constructively, as we continue striving to better serve the public we represent.

Sincerely,

Rebecca J. Ryan, Warsaw Town Supervisor

Cathy Smith, Warsaw Town Clerk and Tax Collector

Appendix B: 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 interviewed Town officials who were responsible for the tax collection remittance process. We also reviewed the Board's meeting minutes and tax collection documentation to gain an understanding of the remittance process.
- We reviewed the 2024 tax warrant issued by the County to determine the Town's share of the total tax warrant.
- We interviewed Board members and the Clerk and reviewed the Board's meeting minutes to determine whether an annual audit of the Clerk's records was conducted.
- We reviewed all tax collection receipts (receiver's stubs) for the 2024 collection cycle and corresponding deposit receipts to determine how much was collected and when it was deposited. We compiled and listed these collections by date collected to determine when payments should have been made to the Supervisor and Treasurer.
- We calculated when the Town's share of the tax warrant could have been satisfied, when payments to the County Treasurer could have taken place and the amount that the payments should have been.
- We reviewed the Clerk's 2024 bank statements, including canceled check images, to determine the amount and dates of payments issued to the Supervisor and County Treasurer.

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.

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 C: 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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

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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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