

Town of Almond

Tax Collection

DECEMBER 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Town of Almond

Audit Objective

Determine whether the Town Clerk (Clerk) recorded, deposited and remitted real property tax collections in a timely and accurate manner.

Key Findings

- The Clerk did not deposit or remit all tax collections in a timely manner.
- The Clerk did not always issue receipts or retain adequate evidence of receipt for tax payments collected or to establish tax payment dates.

Key Recommendations

- Deposit and remit collections in a timely manner.
- Issue and retain adequate evidence of receipt for all tax payments collected.

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

Background

The Town of Almond (Town) is located in Allegany County (County). The Town is governed by an elected Town Board (Board) composed of a Town Supervisor (Supervisor) and four Board members. The Board is responsible for overseeing the Town's operations and finances, including overseeing the Clerk's cash collection activities.

The Clerk is responsible for collecting and remitting Town and County real property taxes to the Supervisor and County Treasurer (Treasurer). The Clerk collects real property taxes from January 1 through March 31 of each year. After that, the County collects any overdue taxes.

Quick Facts

Population	1,633
2019 Real Property Taxes Collected	\$1.4 million

Audit Period

January 1, 2019 – September 5, 2019

Real Property Tax Collection

How Should the Clerk Record, Deposit and Remit Tax Collections?

The town clerk (clerk) is responsible for maintaining accurate and complete records of every tax payment received, including interest and penalties. The clerk should document all payments received daily and retain postmarked envelopes as evidence of the date the payment was received. Furthermore, the clerk is required¹ to deposit all money collected within 24 hours of receipt and remit all deposits to the supervisor at least once a week, including any interest and penalties collected. Once the town's tax levy has been satisfied, tax collections must be remitted to the county treasurer by the 15th of each month. At the end of the collection period, the clerk is required to settle with the county treasurer and must account for the taxes collected, amounts remitted to the supervisor and treasurer, any adjustments to the tax roll and the taxes that remain unpaid.

In addition, the clerk should issue and retain a receipt for each collection made. These receipts should be in duplicate format, pre-numbered and include adequate information to identify who made the payment, who collected it, the form of payment (cash or check) and the date payment was received. For tax collections, tax bills can serve as receipts because they are pre-numbered, come in two parts (collector's copy² and customer copy) and adequately satisfy the requirements for the issuance of a receipt if they are completed properly and retained.

Tax Collections Were Not Remitted in a Timely Manner

We reviewed the Clerk's 2019 real property tax collections totaling approximately \$1.4 million and found that the Clerk did not remit collections to the Supervisor and Treasurer in a timely manner.

The Clerk did not remit collections to the Supervisor weekly or to the Treasurer by the 15th of the month as required. For example, the Clerk collected taxes totaling approximately \$388,000 from January 1, 2019 through January 18, 2019, but she did not remit these funds to the Supervisor until January 22, 2019 and January 29, 2019. The final payment due to the Town for real property taxes totaling \$256 was not remitted to the Supervisor until April 16, 2019. Additionally, as of September 5, 2019, the Clerk had not remitted interest and penalties totaling approximately \$2,780 to the Supervisor. The Clerk was unaware until we conducted our audit that she had not paid the Town the interest and penalties due for 2019 even though other Town officials had questioned her on the lack of payment.

1 New York State Town Law (Town Law) Section 35

2 Commonly referred to as a receiver's stub.

Similarly, the Clerk did not make her first remittance to the Treasurer until February 28, 2019, rather than the 15th of the month as required. The Clerk remitted \$550,000 even though approximately \$573,000 was in the Clerk account at the end of week eight (February 22, 2019). The final payment to the Treasurer was not written until April 15, 2019 when the Clerk settled with the Treasurer.

The Clerk told us she did not remit tax collections as required, because she was not familiar with the remittance requirements, even though she had time³ to familiarize herself with the requirements of the office. She also told us that she waited until April to make final payments to the Supervisor and Treasurer, because she did not know how much was due the Town and Treasurer until the Treasurer told her. However, the Clerk should have been able to determine the appropriate amounts using her cash receipt records and the tax warrants.

Delays in remitting real property taxes to the Supervisor result in money not being available to fund Town operations. Additionally, when money collected is not remitted timely, the risk that it could be used for inappropriate purposes increases.

Receipts Were Not Always Issued or Retained

We reviewed 945 tax collections recorded by the Clerk, totaling approximately \$1.4 million to determine if an adequate duplicate receipt was issued or sufficient evidence of receipt was retained and collections were deposited intact.⁴ While we found that collections were generally deposited intact, the Clerk did not process receipts properly⁵ as follows:

- The majority of the receipts did not properly indicate the amount paid.
- 132 collections totaling \$218,358 did not indicate the form of payment, cash or check.
- 81 collections totaling \$136,040 did not properly indicate the date of payment.
- 72 collections totaling \$137,548 did not have a proper receipt retained.

The Clerk did not retain the necessary postmarked envelopes for tax payments received by mail. Therefore, she could not demonstrate that she assessed and collected penalties accurately. The Clerk told us that she did not always prepare a proper receipt for collections because she did not realize that she was required to do so. Because the Clerk did not retain proper receipts or postmarked envelopes, a proper reconciliation of receipts to deposits cannot be performed and there is a greater risk that loss or theft of the collections can occur and go unnoticed.

3 The Clerk was appointed to fill a vacancy on May 15, 2018, approximately seven months before the 2019 tax collection season began on January 1, 2019.

4 Deposited in the same manner as collected, cash or check.

5 Some receipts had more than one error.

Tax Collections Were Not Deposited in a Timely Manner

Tax collections were not deposited within 24 hours as required. On average, it took the Clerk three days to deposit collections. This included 104 collections totaling \$158,000 that took 12 days to be deposited, including \$200 that was collected in cash. The longest lapse between collection and deposit dates were for two collections totaling \$3,400 that took 14 days to be deposited.

The Clerk told us she unaware of the legal requirements for the timeliness of deposits. While the statutory deadline is the latest point in time at which deposits may be made, from an internal control perspective, the best approach is to deposit money as soon as practicable. The longer money remains undeposited, the greater the risk that loss or theft can occur.

What Do We Recommend?

The Clerk should:

1. Deposit and remit all real property collections in a timely manner.
2. Remit interest and penalties to the Supervisor as required.
3. Issue and retain adequate evidence of receipt for all tax payments collected.

Appendix A: Response From Town Officials

Town of Almond
1 Marvin Lane, PO Box K
Almond NY 14804
607-276-6665

November 4, 2019

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

RE: Town of Almond – Tax Collection - Audit 2019

To Whom It May Concern:

On October 23rd, 2019, I received the preliminary draft findings of your recent examination of the Town of Almond tax collection. On October 30th, 2019, I met with our auditor for the exit interview where all of my questions were answered. The Town Board and myself appreciate the identification of the processes that we have done correctly as well as identifying areas of improvement. I have reviewed the recent audit and have no dispute of the findings. The Town Tax Collector and her staff have been made aware of the findings and understands that it is the Town Boards expectations that the requirements be followed. In addition, beginning in 2020, we will ensure additional training for our Tax Collector via NYS Association of Towns and the Office of the New York State Comptroller to ensure that we not only meet your requirements today, but in the future as well.

We would like to thank our auditor, [REDACTED] for his patience, professionalism, and wealth of knowledge that he provided us with.

Sincerely,

[REDACTED]
Dawn A. Wildrick-Cole
Supervisor, Town of Almond
1 Marvin Lane
Almond, New York 14804

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials to gain an understanding of the internal control policies and procedures and current practices relating to the Clerk's management of real property tax collections.
- We reviewed all real property tax collections for 2019 to determine whether collections were properly recorded, interest and penalties were properly calculated and deposits were made timely and intact.
- We reviewed payments the Clerk made to the Supervisor and Treasurer to determine whether tax collections were remitted to the appropriate parties in a timely manner.
- We reviewed tax account bank statements for 2019 (January through July) to determine if they were reconciled against the Clerk's records and to determine if there were any unrecorded withdrawals or disbursements.
- We reviewed the list of unpaid taxes returned to the County for accuracy.

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

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 Town Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/pubs/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.state.ny.us/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/localgov/index.htm

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

BUFFALO REGIONAL OFFICE – Jeffrey D. Mazula, Chief Examiner

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