

# Town of Farmersville

## Town Clerk

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MAY 2019

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

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# Report Highlights

## Town of Farmersville

### Audit Objective

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

### Key Findings

- We reviewed 356 tax payments totaling \$520,000 and found they were recorded properly and deposited intact but were not always recorded or remitted to the appropriate parties in a timely manner.
- Clerk fees were recorded accurately, properly reported and remitted. However, collections totaling more than \$5,900 were not deposited in a timely manner as required.

### Key Recommendations

- Record and remit all real property taxes and fees collected in a timely manner.
- Deposit all Clerk fees within the statutory deadline or sooner if practicable.

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

### Background

The Town of Farmersville (Town) is located in Cattaraugus 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.

The Clerk also collects fees for birth and death certificates, County transfer station tickets, and dog, hunting and marriage licenses. Generally, all fees collected are the property of the Town, County or State and must be remitted promptly to the appropriate parties.

#### Quick Facts

|  |               |
|--|---------------|
| Population   | 1,100         |
| Real Property Taxes Collected for the Audit Period | \$1.2 million |
| Fees Collected for the Audit Period                | \$8,100       |

### Audit Period

January 1, 2018 – February 1, 2019

## How Should the Clerk Account for Cash Receipts?

The clerk must properly account for all transactions by promptly and accurately recording amounts collected in a cash receipts journal, depositing receipts intact (in the same amount and form – cash or check – as received) and remitting money to the appropriate parties. New York State Town Law<sup>1</sup> (Town Law) requires the clerk to deposit all real property taxes collected within 24 hours of receipt and remit amounts collected, including interest and penalties, to the supervisor at least once a week. Once the town's tax levy has been satisfied, tax collections must be remitted to the county treasurer no later than the 15th day of each month. Town Law<sup>2</sup> requires the clerk to deposit all fees collected within three business days after the total received exceeds \$250 and to remit such money to the town supervisor by the 15th day of the following month.

## Tax Payments Were Not Recorded or Remitted in a Timely Manner

We reviewed 13 deposits consisting of 356 tax payments recorded during February 2018 totaling \$520,000.<sup>3</sup> We found that tax collections were recorded properly and deposited intact but were not always recorded and remitted in a timely manner.

Tax collections were not recorded in the tax collection software until after deposit, sometimes weeks later. For example, receipts totaling \$141,354 were collected on January 31, 2018, but were not recorded in the software until February 15th. The Clerk told us that she records tax collections after depositing because she prioritizes depositing the collections before recording. Accountability over cash receipts is enhanced when cash is recorded in the accounting records as soon as practicable from the date cash is received. The longer receipts go without being properly recorded, the greater the risk that loss or theft can occur.

During the 2018 tax collection cycle, the Clerk did not always remit tax collections to the Supervisor weekly as required. For example, she did not remit tax collections to the Supervisor during the first and third weeks of January when approximately \$50,000 and \$265,000 were collected respectively. Further, the Clerk did not remit interest and penalties collected weekly as required; she instead paid out a lump sum to the Supervisor in June 2018. The Clerk told us that she was aware she had to remit taxes to the Supervisor weekly, but had forgotten to remit taxes weekly in 2018. 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.

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1 Town Law, Section 35

2 Town Law, Section 30

3 Refer to Appendix B for sampling methodology.

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## **Clerk Fees Were Not Deposited in a Timely Manner**

We reviewed all fees collected from January 1, 2018 through October 22, 2018 totaling approximately \$6,000 and found that Clerk fees were recorded accurately, properly reported and remitted, but collections totaling more than \$5,900 were not deposited in a timely manner.

Deposits were made on average 10 days after exceeding \$250. The Clerk told us that she was unaware of the legal requirements for the timeliness of deposits. While the statutory deadline is the latest point in time at which a deposit 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. Record and remit all real property taxes and fees collected in a timely manner.
2. Deposit all fees collected within three business days after the total received exceeds \$250 or sooner if practicable.

# Appendix A: Response From Town Officials

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## TOWN OF FARMERSVILLE

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(716)498-1377  
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8963 Lake Street  
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NY 14737

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Richard Zink

Bridget Holmes  
**Town Clerk**  
(716)676-3030

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Barry Tingue  
**Supt of Highways**  
(716)676-5961

05/10/19  
Jeffrey D. Mazula, Chief Examiner  
295 Main Street  
Suite 1032  
Buffalo, New York 14203-2510

Dear Sir,

Please accept this as my acknowledgement of receiving the Draft Audit Report for the Town Of Farmersville on April 16<sup>th</sup> 2019. On this date we also had our exit meeting with our Auditors. Everybody included in this audit was present. We reviewed Draft Audit page by page and we were given plenty of time to ask questions and have discussion as needed.

We all agreed with the findings and have no disputes to file. We were given plenty of documentation to help assist us in the future. We as the Town Board will also pay closer attention when we do our in house audit, this will be a team effort be assured.

We would like to thank our Auditors that conducted our audit for their patients and professionalism. We look forward to working with the Comptrollers office in the future.

Respectfully Yours,

Robert J Karcher  
Supervisor, Town Of Farmersville

VALUES  
SAFETY-SERVICE-EXCELLENCE-COMMUNICATIONS-INNOVATION-ACCOUNTABILITY

# Appendix B: Audit Methodology and Standards

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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<sup>4</sup> 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 cash receipts.
- We reviewed all real property tax collections recorded during February 2018 to determine whether collections were properly recorded, interest and penalties were properly calculated and deposits were timely and intact. We judgmentally selected February because it was the first month in the tax collection cycle that penalties were assessed, collected and deposited. We obtained corresponding bank deposit compositions for all deposits and compared them against the collections recorded in the Clerk's records.
- We reviewed payments the Clerk made to the Supervisor, County and State agencies to determine whether tax collections and fees were remitted to the appropriate parties in a timely manner.
- We obtained deposit compositions for all bank deposits for the Clerk's fees account during our audit period to determine whether deposits were made intact and in a timely manner, and were recorded properly.
- We conducted a cash count to establish a cut-off point and prepared an accountability as of October 22, 2018. We reviewed all fees collected from January 1, 2018 through October 22, 2018 to determine whether they were recorded accurately, properly reported and remitted and deposited in a timely manner

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.

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.

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<sup>4</sup> We also issued a separate audit report, Town of Farmersville – Justice Court Operations (2019M-50).

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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

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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

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[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)

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

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