

# Town of Richford

## Town Clerk/Tax Collector

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**MARCH 2020**

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

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# Report Highlights

## Town of Richford

### Audit Objective

Determine whether the Town Clerk/Tax Collector (Clerk) properly remitted and deposited money in a timely manner.

### Key Findings

- Real Property Taxes totaling \$1,443,876 and Clerk fees totaling \$2,604 were not remitted to the Supervisor or Treasurer in a timely manner.
- Forty-five real property tax receipts totaling \$690,961 were deposited from two to 60 days after receipt instead of within 24 hours. In addition, there were five instances totaling \$2,089 where Clerk fees were not deposited within three days of when collections accumulated to more than \$250.

### Key Recommendations

- Remit real property tax collections and clerk fees to the Supervisor and Treasurer in a timely manner.
- Deposit real property tax money and clerk fees in a timely manner.

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

### Background

The Town of Richford (Town) is located in Tioga County (County). The Town is governed by an elected Town Board (Board), which is composed of a Town Supervisor (Supervisor) and four Board members. The Board is responsible for the general management and control of Town finances including overseeing the Clerk's cash collection activities.

The elected Clerk serves as the tax collector responsible for collecting and remitting Town and County real property taxes to the Supervisor and County Treasurer (Treasurer).

The Clerk also collects fees for birth and death certificates, marriage licenses, building permits, garbage, park and hall rentals, dog licenses and New York State Department of Environmental Conservation licenses.

#### Quick Facts

Population	1,056
2018 and 2019 Real Property Taxes Collected	\$2,175,538
Clerk Fees Deposited for the Audit Period	\$48,244

### Audit Period

January 1, 2018 - July 31, 2019

# Town Clerk/Tax Collector

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## How Should the Clerk Remit and Deposit Money Collected?

As tax collector, the clerk must remit real property tax collections to the supervisor at least once each week until the town's share of taxes is paid in full. The remaining tax collections must be paid to the treasurer no later than the 15th day of each month following the date of receipt. In addition, New York State Town Law (Town Law)<sup>1</sup> requires the clerk to remit to the supervisor for fees and other moneys collected belonging to the town no later than the 15th day of each month following receipt. In addition, the clerk is required to assess penalties and interest on real property tax collections that are not received on time.

Town Law<sup>2</sup> requires the clerk to deposit all real property tax money within 24 hours of receipt. Town Law<sup>3</sup> requires the clerk to make deposits of clerk fees within three days of when collections accumulate to more than \$250.

## The Clerk Did Not Remit Collections in a Timely Manner

The Clerk collected Town and County taxes of \$1,059,159 in 2018 and \$1,116,379 in 2019 and deposited Clerk fees of \$28,946 in 2018 and \$19,298 through July 31, 2019. We found that the Clerk did not remit all applicable receipts to the Supervisor and Treasurer in a timely manner as required by law. For example, the Clerk remitted taxes collected bi-weekly to the Supervisor in January of both years instead of weekly, resulting in \$550,050 in 2018 and \$693,826 in 2019 being remitted to the Supervisor in an untimely manner. Furthermore, the Clerk remitted \$100,000 in 2018 and \$100,000 in 2019 untimely to the Treasurer. We also found the Clerk remitted the January 2019 Clerk fees totaling \$2,604 to the Supervisor on March 1st when they should have been remitted by February 15th.

While all taxes and fees recorded as collected were eventually remitted to the applicable parties, the longer money remains unremitted, the less cash flow officials have to effectively fund operations.

## The Clerk Did Not Always Deposit Collections in a Timely Manner

We found that the Clerk deposited 21 tax payments totaling \$351,529 in 2018 from two to 18 days after receipt instead of within 24 hours. Similarly, in 2019, the Clerk deposited 24 tax payments totaling \$339,432 from two to 60 days after receipt. Finally, there were four instances totaling \$1,763 in 2018 and one instance totaling \$326 in 2019 where the Clerk did not deposit Clerk fees within the required time frame.

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1 Town Law Section 27

2 Town Law Section 35

3 Town Law Section 30

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Although the Clerk was aware of the time requirements for real property taxes and Clerk fees, the Clerk did not always make timely deposits because her office hours did not typically correspond with the bank's hours of operation. The longer money remains undeposited, the greater the risk that loss or theft can occur.

### **What Do We Recommend?**

The Clerk should:

1. Remit real property tax collections to the Supervisor at least once each week until the Town's share of taxes is paid in full and thereafter to the Treasurer no later than the 15th day of each month following the date of receipt.
2. Remit clerk fees to the Supervisor by the 15th of the month following collection.
3. Deposit all real property tax money collected within 24 hours of receipt and all Clerk fees within three days of when collections accumulate to more than \$250.

# Appendix A: Response From Town Officials

TDD-711



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March 10, 2020

Office of the State Comptroller (OSC)

Contained is the Town of Richford, NY Response and Corrective Action Plan of the audit of the town 2019M-236.

**Board Response:**

The Town Board of the Town of Richford has reviewed the findings of the 2019 audit of the OSC. The Audit was performed in a timely and professional manner with as little disruption to our day-to-day business as possible. The report was distributed to all Board members and the Town Clerk/Tax Collector. The findings point out issues of our Clerk/Tax Collector resulting in funds not being remitted, deposited and distributed in a timely manner. The Town Board of the Town of Richford agrees with the Office of the State Comptroller's audit. This audit response also serves as the Corrective Action Plan.

**Corrective Action Plan:**

The Town Board will review the standards and practices of financial obligations of the Town Clerk/Tax collector to insure proper handling of incoming and outgoing funds and that the audit oversight needed by the Town Board is being performed properly. The Town Supervisor will set up a schedule with the Tax Collector for remitting funds to ensure that the funds are remitted weekly until all the warrants for the Town and Fire District are satisfied. The Town Clerk/Tax Collector, Town Supervisor and Town Board members will be encouraged to attend training when available and to take advantage of knowledge base documents and online tutorials to better understand the responsibility of their office. This audit pointed some flaws in the towns handling of its finances and we will strive to correct those shortcomings.

Several suggestions were made to the Town to help us improve our ability to self-audit. Overall the audit has helped the Town better understand practices required to both run our operation better and to insure safe and timely financial oversight.

Thank You,

Charles E. Davis  
Town of Richford Supervisor

Board Approval:  
Charles E Davis

Cynthia Herrick

Kenneth Miller //

Date: 3/10/20

Date: 3/10/2020

Date: 3/10/2020

Roberta Hojgomb

Steven Kotula

Date: 3/10/2020

Date: 3/10/20

## 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 and obtain valid audit evidence, our audit procedures included the following:

- We interviewed the Clerk and Town officials to gain an understanding of internal controls over collecting, recording, depositing, remitting and reconciling money collected by the Clerk and to determine whether policies and procedures were in place for Clerk operations.
- We reviewed Board minutes and monthly and annual reports provided to the Board to determine the extent of financial information received by the Board.
- We determined whether the Clerk remitted 2018 and 2019 real property tax receipts to the Supervisor and Treasurer in a timely manner by comparing disbursements from bank statement activity and check images to transactions in the financial software.
- We reviewed tax bills from the tax roll and transactions from the tax collector batch reports that were assessed during penalty periods. We used our professional judgment to select all tax bills for the 11 Town officials and employees. We compared the date recorded on the computerized system records and the batch receipts to the deposit slips and bank account records and traced each transaction to the tax bill to determine whether they were deposited within 24 hours in accordance with Town Law and if any applicable penalties, interest or services charges were applied and collected.
- We reviewed transactions from the Clerk's financial application and all available source documents on file in the Clerk's office and traced them to the Clerk's monthly reports to the Board to determine whether money deposited was remitted and reported. Our source documents included dog licenses, marriage licenses, garbage collection forms, code enforcement permits and facility use agreements (park and town hall rentals) processed during the audit period. We also traced each transaction from the source document to the bank statement to determine whether they were deposited timely.
- We used our professional judgment to select three months of bank reconciliations for both the tax collector and Clerk bank accounts from the audit period to determine whether reconciliations were prepared and properly documented.

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.

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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.

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

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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#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

### **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

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

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