

# Town of Schroepfel

## Financial Records and Reports

---

NOVEMBER 2019

---



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

# Contents

---

<b>Report Highlights</b> . . . . .	<b>1</b>
<b>Financial Records and Reports</b> . . . . .	<b>2</b>
How Should Records and Reports Be Maintained? . . . . .	2
The Comptroller Did Not Reconcile the Bank Accounts . . . . .	3
Accounting Records Are Not Reliable . . . . .	4
The Comptroller Did Not Provide Accurate and Timely Financial Reports. . . . .	7
W-2s Were Not Reported Accurately . . . . .	9
The Board Did Not Require Annual Audits of the Comptroller’s Records and Reports . . . . .	9
What Do We Recommend? . . . . .	10
<b>Appendix A – Response From Town Officials</b> . . . . .	<b>12</b>
<b>Appendix B – Audit Methodology and Standards</b> . . . . .	<b>14</b>
<b>Appendix C – Resources and Services</b> . . . . .	<b>16</b>

# Report Highlights

## Town of Schroepfel

### Audit Objective

Determine whether the Comptroller maintained complete, accurate and up-to-date accounting records and reports to allow the Board to properly manage the Town's finances.

### Key Findings

- The Comptroller did not perform bank reconciliations to ensure cash activity was properly accounted for and did not maintain accurate accounting records.
- Due to deficiencies in the records, the Annual Update Documents (AUDs), which are the Annual Financial Reports, were not filed on a timely basis.
- The Board did not annually audit the Comptroller's records.

### Key Recommendations

- The Comptroller should complete monthly bank reconciliations, ensure the accounting records are accurate and file the AUD in a timely manner.
- The Board should annually audit the Comptroller's records or have an independent public accountant do so.

Town officials agreed with our findings and indicated they plan to initiate corrective action.

### Background

The Town of Schroepfel (Town) is located in Oswego County (County) and includes the Village of Phoenix within its borders.

The Town is governed by an elected five member Town Board (Board) composed of the Town Supervisor (Supervisor) and four Board members. The Board is responsible for overseeing Town's operations, finances and overall management. The Supervisor serves as the Town's chief executive officer and chief fiscal officer (CFO). The Town Comptroller (Comptroller) is the accounting officer responsible for maintaining the Town's accounting records and reports.

The Town's main operating funds are the general town-wide, general part-town, highway town-wide and highway part-town funds. The Town also has 14 special districts for water, sewer, lighting and fire protection.

#### Quick Facts

Employees	66
Population	8,158
2019 Budgeted Appropriations	\$2.8 million

### Audit Period

January 1, 2018 – February 28, 2019

# Financial Records and Reports

---

The Comptroller was responsible for auditing and approving claims, as well as maintaining accounting records and reports. The Board appointed a clerk to assist the Comptroller with his recordkeeping duties. The clerk resigned in November 2018. As a result, the Supervisor, in addition to her role as CFO,<sup>1</sup> began assisting the Comptroller with processing payroll and generating employee withholding and direct deposit reports used by the Comptroller to electronically disburse payroll payments to employees. The Comptroller was terminated from the Town on August 8, 2019.

## How Should Records and Reports Be Maintained?

The board and supervisor are responsible for the overall management of the town, including establishing internal controls such as policies and procedures to provide reasonable assurance that cash and other resources are properly safeguarded; transactions are properly recorded; and financial reports are accurate, reliable and filed in a timely manner.

It is important that the comptroller perform monthly bank reconciliations to ensure that bank account balances agree with the cash balances in the accounting records. As a compensating control, the reconciliations should be reviewed by someone independent of the process to ensure accuracy and completeness. Any discrepancies between adjusted bank balances and recorded cash balances should be promptly investigated and corrected in a timely manner to ensure cash balances are accurate and all cash activity is properly accounted for.

The town comptroller is responsible for performing basic accounting functions, including maintaining detailed accounting records for each fund and special district. Accounting records provide a basis for checks and balances and determining whether town funds are being appropriately accounted for.

The town comptroller is responsible for monthly reports to the board. The reports must be timely and include a detailed accounting of all money received and disbursed during the month. Good business practices dictate that these reports also contain detailed year-to-date, budget-to-actual comparisons of revenues and expenditures and reconciled cash balances for each fund and special district. Furthermore, the comptroller is required to file an AUD with the New York State Office of the State Comptroller (OSC) within 90 days after the close of the fiscal year and should provide a copy to the Board to assist with monitoring and managing financial operations.<sup>2</sup>

---

1 As CFO, the Supervisor acts as the treasurer, collecting, receiving and having custody of all funds belonging to or due to the Town. The Supervisor is also responsible for paying claims after audit and approval by the Comptroller and disbursing funds.

2 The 90-day filing requirement applies to towns with a population of more than 5,000 and less than 20,000.

---

The comptroller must also ensure that accurate wages and tax withholdings are reported in annual wage and tax statements (W-2s) provided to employees and the Federal government at the end of each year.

To help the Board fulfill its oversight responsibilities, the Board should annually audit the comptroller's books and records or engage in an independent public accountant to perform the audit. This annual audit serves as an important internal control by providing independent verification that transactions have been properly recorded and that cash has been properly accounted for.

### **The Comptroller Did Not Reconcile the Bank Accounts**

Cash balances recorded in the accounting records must be reconciled to the actual amount of cash in the bank. Any differences must be promptly documented and resolved to ensure that financial activities are accounted for in a proper and timely manner and that cash is safeguarded.

The Board and Supervisor did not develop policies and procedures to ensure the Comptroller performed regular bank reconciliations to compare adjusted bank balances to the accounting records and did not require an independent review of completed bank reconciliations by the Supervisor or another designated official. The Comptroller told us he did not perform monthly bank reconciliations, but instead performed a year-end reconciliation of cash to use in the preparation of the Town's AUD. He used bank statement balances as of December and decreased them for any outstanding checks written in November and December that did not clear the bank as of December.

This was not an adequate bank reconciliation because there was no comparison of the recorded cash balances in the accounting records to the adjusted bank balances. The failure to regularly reconcile adjusted bank balances to recorded cash balances prevents the timely detection of accounting and banking errors and increases the risk that fraudulent transactions could occur and go undetected.

During fieldwork, the Comptroller provided a copy of his outstanding check list for November and December 2018, but could not provide the reconciliation he told us he performed as of December 31, 2018. In addition, the Comptroller was unable to tell us which cash accounts in the records correspond to the individual bank accounts. As a result, we calculated adjusted bank balances for all 21 bank accounts and compared adjusted bank balances totaling \$1,569,071 to total cash recorded in all funds in the accounting records as of December 31, 2018 totaling \$1,388,955, and found the total adjusted bank balances exceeded the recorded cash balances by \$180,116.

---

The Comptroller told us the recorded cash balances have been incorrect since he began employment at the Town in January 2017. In addition, he said the cash balances in the records were not accurate because the 2017 accounting records were not closed out in the financial software. However, closing out prior years' revenues and expenditures to fund balance would not impact balances in the Town's cash accounts and therefore would not be a cause for the negative cash balances in the accounting records.

We also found additional errors in the accounting records (see the next section), that when combined with the unreconciled cash balances, provide no assurance that cash activities (e.g., cash receipts and disbursements) and balances are being recorded and reported accurately. It also increases the risk of improper cash transactions or bank errors occurring and going undetected and uncorrected and hinders the accuracy and timeliness of financial reports necessary for the Board to make informed decisions regarding the Town's financial operations.

### **Accounting Records Are Not Reliable**

The Board and Supervisor did not develop policies and procedures to ensure that the Town's accounting records and reports were complete, accurate and up-to-date. In addition to the differences between cash in the bank and cash recorded in the accounting records, we found many errors and inaccuracies in the accounting records, including the following:

- The December 31, 2018 balance sheet was out of balance for all six funds and 11 of the 14 special districts.<sup>3</sup> Because the Comptroller has not closed out the books for 2017 in the financial software, total revenues and expenditures were not properly closed to fund balance each fiscal year and year-end fund balances were not accurate on accounting system reports. When the fund balance is adjusted for the total revenues and expenditures reflected in the balance sheet,<sup>4</sup> the reports do not balance. For example, the report for the town-wide highway fund showed assets that exceeded liabilities plus fund balance by \$144,122 and the report for the part-town highway fund showed the total of the liabilities and fund balance exceeded assets by \$492,466.

---

<sup>3</sup> The balance sheets for the three fire protection districts were in balance.

<sup>4</sup> The revenues and expenditures reported in the balance sheet appear to reflect two years of financial activity because the records were not closed.

- 
- The total due from other funds (interfund loans receivable) should always equal the total due to other funds (interfund loans payable). However, as of December 31, 2018, the interfund loan receivables exceeded payables by a total of \$115,951 in the accounting records. In addition, the part-town general fund records show a negative interfund loan payable balance of (\$28,251). This account should not have a negative balance.
  - \$22,015 in water and sewer receipts collected and deposited by the Supervisor in February 2019 were not reported to the Comptroller and recorded as revenue in the Town's accounting records.
  - 37 transfers between Town bank accounts totaling \$208,806 that were made in the months of March 2018 and February 2019 were not recorded in the related cash accounts in the accounting records.
  - \$1,345 in credit card payments for various community service activities were not recorded in the accounting records for payments received and deposited in June 2018. The Comptroller told us he likely did not receive a report of credit card activity from the Community Services Director to record the payments in the records.

We reviewed cash receipts and bank transfers to determine whether they were deposited in appropriate bank accounts and non-payroll cash disbursements and bank withdrawals to determine whether they were paid as authorized, adequately supported and for proper purposes. Although our testing disclosed no instances of fraud or abuse, it is imperative that the Supervisor and Board provide additional oversight to ensure the Town's recordkeeping practices are improved to help prevent and/or detect errors or irregularities that could occur.<sup>5</sup>

Journal Entries – We reviewed 12 journal entries that decreased cash totaling \$71,585 in March 2018 and February 2019. We found the entries were appropriate and supported, with the exception of two entries totaling \$17,045 for cash receipts that were incorrectly recorded as decreases to cash instead of increases to cash. The Comptroller was not aware of these errors in the records and there was no review of journal entries by the Supervisor. Had the Supervisor reviewed and approved journal entries, these errors may have been prevented.

Payroll Records – During our walk through of the payroll process,<sup>6</sup> we identified an overpayment totaling \$1,525 made to one employee when we compared the list of direct deposit transmittals recorded in the payroll records to the direct deposit payments reported to the bank. We immediately brought the discrepancy to officials' attention, and the employee was notified and repaid the Town.

---

<sup>5</sup> Refer to Appendix B for information on the cash activity we tested during the audit.

<sup>6</sup> Payroll dated March 14, 2019

---

Given this discrepancy, we reviewed all direct deposit withdrawals from Town bank accounts during our audit period totaling \$562,410 to assess whether amounts disbursed by the Comptroller agreed with employee direct deposit and employee earnings reports prepared by the former clerk and Supervisor. We also reviewed 36 payroll check disbursements for the month of December 2018 to assess whether the payments were disbursed as authorized and adequately supported. We found no exceptions with the check disbursements we tested. However, we found a number of instances in which the direct deposit payments reported to the bank did not agree with the supporting payroll records.

- From December 2018 through February 2019, five employees were underpaid a total of \$1,475. The discrepancies were rectified by the Supervisor and Comptroller during our audit fieldwork after employees brought it to their attention.
- We identified two employees who were overpaid a total of \$530. We notified officials of the discrepancies and they acknowledged the errors, but officials have not corrected them as of September 2019. One employee was overpaid a total of \$30 and the other employee received a duplicate payment of \$500 in error.
- Payments totaling \$1,235 to three employees between January and February 2019 were not listed in the employee earnings reports, but were disbursed to the employees by direct deposit payment or check.<sup>7</sup> While two of the employees were entitled to the net payroll payments totaling \$1,111, officials could not explain why the payments were not recorded in the employee earnings reports. Because the employees' payments were not reflected in the employee earnings reports, their income will not be reported on the Town's quarterly payroll tax reports and the employees' W-2s unless necessary corrections are made. Officials had no explanation for the disbursement to the remaining employee for \$124 who had not worked for the Town since September 2017.

The Comptroller was using outdated electronic direct deposit transmittal forms to submit the direct deposit payments to the bank which created the majority of errors. In addition, no one was comparing the direct deposit reports provided to the Comptroller to the amounts he disbursed, which could have identified most of the errors and needed corrections sooner.

We also reviewed the salaries paid to the Supervisor and Comptroller from January 1, 2018 through December 31, 2018 and the Supervisor's part time clerk's salary paid during our audit period. Our testing disclosed no discrepancies for the Supervisor and Comptroller, however the compensation paid to the clerk did not agree with the Board authorized salary.

---

<sup>7</sup> The direct deposit report in the payroll records indicated one of these employees would be paid by direct deposit, but he was actually paid by check.

---

The Board authorized an annual salary for the part time clerk position but it did not establish the number of hours the clerk was required to work (i.e., 20 hours a week) for the salary it authorized in 2018 (\$13,663) and 2019 (\$14,073). The Supervisor set an hourly rate for the position and compensated the clerk based on the hours she reported on her time sheets, which occasionally changed from week to week. However, the hourly rate paid by the Supervisor could not be verified to the salary authorized by the Board. In addition, we question \$570 of the payments to the clerk for time worked on holidays from November 2018 to January 2019, because she was paid her regular rate of pay for hours worked plus holiday pay. The Supervisor could not provide any support or Board authorizations to indicate the clerk was entitled to the additional holiday pay for the part time position.

### **The Comptroller Did Not Provide Accurate and Timely Financial Reports**

Monthly Reports – The Comptroller did not provide the Board with timely monthly financial reports. For example, in September 2018, he provided the Board with seven months of cash reports (February 2018 through August 2018) showing the money received and disbursed each month. The Comptroller did not provide this report for the remaining six months of our audit period despite the Board’s continuous requests. In addition, the Comptroller only provided the Board with sporadic reports showing monthly and year-to-date budget to actual comparisons of revenues and expenditures. Board members told us the last monthly report the Comptroller provided was in October 2018.

The Comptroller told us he provided bank statement cash balances to Board members upon request. A Board member confirmed that he did request and receive bank account balances as of January 3, 2019, which he shared with other Board members. However, bank account balances are not sufficient to show each fund’s cash position because cash from multiple funds are commingled in some of the bank accounts. Also, due to the errors and inaccuracies in the accounting records and the differences between recorded cash and the cash in bank, the Comptroller was unable to generate accurate and reliable reports from the accounting system to show the cash balances in each fund and special district.

AUDs – The Comptroller has not submitted the Town’s AUDs to OSC or the Board on a timely basis. According to the Comptroller and Supervisor, there were problems with the 2016 accounting records maintained by the prior Comptroller, which inhibited the timely preparation of the 2016 AUD after the Comptroller took office in January 2017. The recordkeeping issues continued during the Comptroller’s term, which has impacted the filing of the 2017 and 2018 AUDs.

---

The Town hired a consultant to assist with the preparation and filing of the delinquent AUDs. The 2016 annual financial report (AUD) was filed with OSC in August 2018, about 16 months after it was due and the 2017 AUD was filed in March 2019, nearly a year late.

We compared balance sheet account balances reported in the 2017 AUD with the corresponding balances in the accounting records as of December 31, 2017 and found that the recorded balances for each fund were different from what was reported in the 2017 AUD. For example, the AUD showed a total of \$649,158 in the general town-wide cash accounts while the balance sheet showed \$214,223; a variance of \$434,935. Also, the AUD showed a total of \$170,334 in the highway town-wide cash accounts while the balance sheet showed \$375,011, a variance of (\$204,677). Because the balance sheet accounts reflected in the accounting records were not considered reliable, the Comptroller did not report the accounts receivables, liabilities or interfund loans reflected in the accounting records in the AUD and instead reported that cash was equal to fund balance in each fund. However, the Comptroller was unable to provide us with any adjustments or other information showing how the balance sheet amounts reported in the AUD were determined.

The 2018 AUD has not been filed with OSC as of September 2019. Town officials told us they plan to re-create 2018 beginning cash and fund equity account balances in the accounting records for all funds by using the ending account balances reported in the Town's 2017 AUD. They plan to add all 2018 recorded revenues and expenditures to the established beginning balances to re-create ending account balances for each fund as of December 31, 2018.

Given the known errors in the accounting records, we applied their planned method for calculating the year-end cash and fund balances in the records for all funds as of December 31, 2018 and we compared this total to our total adjusted bank balance calculation as of the same date. Based on this comparison, the adjusted bank balances for all funds combined (\$1.57 million) will exceed the Town's computed ending cash balance (\$1.37 million) by about \$202,000. The Comptroller should investigate this difference to identify any errors or irregularities in the records that need to be corrected.

The lack of accurate monthly financial reports inhibits the Board's ability to effectively monitor and manage the Town's financial operations throughout the year and evaluate the Town's financial condition. When the AUD is not accurate or filed in a timely manner, the transparency of Town operations is compromised and it leaves the Town without a means to demonstrate its financial standing to the Board, taxpayers, OSC and other interested parties.

---

## **W-2s Were Not Reported Accurately**

The 2018 W-2s prepared by the Comptroller and provided to employees and the federal government contained errors. In addition, the W-2s issued to employees in 2016 and 2017 also contained errors and the Comptroller did not file them with the federal government.

For 2018, 20 employees with deductions for deferred compensation and/or retirement totaling \$21,521 were improperly taxed on their pre-tax withholdings. In addition, the Comptroller improperly added 13 employees' health insurance deductions totaling \$83,590 to their reported Social Security, Medicare and State wages when preparing the W-2s at year-end. All of these errors resulted in the Town reporting employees' federal adjusted gross and State wages and various withholdings inaccurately on the W-2s.

Although the Supervisor and Board were aware of these ongoing issues, little progress was made by the Comptroller or other Town officials to fix them. The Town eventually hired an outside consultant in July 2019 to prepare amended 2018 W-2s to correct the errors and provide them to the affected employees and the Federal government. The consultant also assisted the Town with correcting and filing the 2016 and 2017 W-2s and amending the applicable quarterly payroll tax returns.

The Internal Revenue Service uses form W-2 to track employee income and tax liability and the Social Security Administration uses the information on the W-2 to calculate the Social Security benefits to which each worker is entitled. By failing to submit the forms as required, the Town has caused unnecessary difficulties for its employees and risks incurring significant penalties and fees.

## **The Board Did Not Require Annual Audits of the Comptroller's Records and Reports**

The Board did not audit, or contract with an independent public accountant to audit, the Comptroller's accounting records and reports for 2017 or 2018. We reported a lack of annual audit of the Comptroller's records in a prior audit of the Town,<sup>8</sup> and issued a recommendation to the Board.

As a result of the Board's inaction to require an annual audit, the Board does not have adequate assurance that the Comptroller properly accounted for all Town financial resources. Therefore, there is an increased risk that public money could be misappropriated or errors or irregularities could occur and remain undetected and uncorrected.

---

<sup>8</sup> Refer to our report *Town of Schroepfel — Cash Disbursements* (2014M-296) issued in January 2015 at <https://www.osc.state.ny.us/localgov/audits/towns/2015/schroepfel.pdf>.

---

## What Do We Recommend?

The Board and Supervisor should:

1. Develop policies and procedures to ensure that monthly bank reconciliations are performed and that the Town's accounting records and reports, as maintained by the Comptroller, are complete, accurate and up-to-date.
2. Ensure compensating controls over the Comptroller's duties are established, such as designating the Supervisor or another individual to review monthly bank reconciliations, journal entries, direct deposit transmittals.
3. Define the expected number of work hours for the Supervisor's clerk, and ensure the salary is paid at the Board-approved rate and extra holiday pay is authorized by the Board.
4. Consult with the Town attorney about the discrepancies identified in the payroll payments to the Supervisor's clerk and three other employees. Seek recovery of overpayments, as appropriate.
5. Ensure the Board receives the necessary monthly reports from the Comptroller that include all cash activity and balances for each fund, to assist with monitoring and managing financial operations.
6. Ensure the Comptroller submits timely AUD's to OSC and the Board.
7. Annually audit the Comptroller's records or have an independent public accountant do so.<sup>9</sup>

The Comptroller should:

8. Perform complete monthly bank reconciliations of all Town bank accounts and investigate and correct any differences between adjusted bank balances and recorded cash balances in a timely manner.
9. Continue to work to improve the accounting records and reports and close out year-end activity in the financial software in a timely manner.
10. Ensure the Town's accounting records and reports are complete, accurate and up-to-date.

---

<sup>9</sup> To assist in performing this audit function, the Board should review our publication entitled Fiscal Oversight Responsibilities of the Governing Board available on our website at: [http://www.osc.state.ny.us/localgov/pubs/lgm/fiscal\\_oversight.pdf](http://www.osc.state.ny.us/localgov/pubs/lgm/fiscal_oversight.pdf)

- 
11. Provide complete, accurate and timely monthly reports to the Board showing budget to actual comparisons, monthly receipts and disbursements and reconciled cash balances.
  12. File the AUD in a timely manner and ensure it is supported by the accounting records.
  13. Ensure accurate employee W-2s are provided to employees and filed with the Federal government on a timely basis.

The Supervisor should:

14. Ensure water and sewer receipts are reported to the Comptroller in a timely manner.

# Appendix A: Response From Town Officials

---

## **TOWN OF SCHROEPPEL**

69 County Route 57A  
Phoenix, NY 13135  
Phone 695-4473  
Fax 695-1210

### **Supervisor**

Lynett Greco

### **Council Members:**

Timothy Dunnigan  
Bill Edwards  
Lewis Hoyt  
Nick Hoyt

### **Town Clerk:**

Darlene Owens

### **Highway Superintendent:**

Clifford Hoyt

November 1, 2019

Rebecca Wilcox, Chief Examiner  
Office of the New York State Comptroller  
Division of Local Government & School Accountability  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, NY 13202-1428

Re: Response by Town of Schroepfel  
2019M-187

Dear Ms. Wilcox:

Please accept this letter as the response from the Town of Schroepfel to the Audit Report conducted by the Office of the New York State Comptroller for the audit period January 1, 2018 to February 28, 2019. The audit objectives were fair and intended to improve the overall function of governing the Town of Schroepfel. The Town of Schroepfel does accept the need to improve the functionality of the office of Town Comptroller, as well as the daily activities performed by the Town Comptroller to ensure that safeguards are in place to provide proper oversight of the Town's finances by the Town Board.

### **Key Findings:**

#### *Comptroller Functions*

The Town Comptroller was discharged from his duties by resolution dated August 8<sup>th</sup> 2019. Since then, an interim Comptroller was appointed and has already reconciled the Town's multiple bank accounts, going back to 2016.

Moreover, Annual Update Documents (AUDs) have been completed for 2016, 2017, and nearing completion for 2018.

Finally, measures are being put in place to ensure annual board oversight of the Comptroller's records.

---

**TOWN OF SCHROEPPPEL**

69 County Route 57A  
Phoenix, NY 13135  
Phone 695-4473  
Fax 695-1210

**Supervisor**  
Lynett Greco

**Council Members:**

Timothy Dunnigan  
Bill Edwards  
Lewis Hoyt  
Nick Hoyt

**Town Clerk:**

Darlene Owens  
**Highway Superintendent:**  
Clifford Hoyt

Letter to Rebecca Wilcox  
November 1, 2019  
Page 2

Thank you for the opportunity to respond to the audit findings and recommendations.

Sincerely,

Lynett Greco  
Town Supervisor

## 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 and reviewed Board minutes to gain an understanding of the internal controls over cash receipts, disbursements and bank reconciliations, how accounting records are maintained and what financial reports are provided to the Board.
- We calculated adjusted bank balances for all 21 bank accounts as of December 31, 2018 and compared the adjusted bank balances to total cash recorded in all funds in the accounting records as of December 31, 2018 to assess if recorded cash balances reconciled to adjusted bank balances.
- We reviewed interfund advances, balance sheets, trial balances, general ledgers and operating statements to assess whether the accounting records were adequate and maintained on a timely basis.
- We examined cash receipts for real property taxes levied, water and sewer charges and County and State payments totaling \$2.8 million during our audit period to determine whether they were properly recorded and deposited. We also reviewed a total of approximately \$62,000 in receipts from internal sources (e.g., Community Services Department, Town Clerk and Town Justices) in March 2018, June 2018 and February 2019.
- We reviewed bank statements and accounting records to identify any voided checks and/or gaps in check sequences and followed up on them to determine whether there were any significant discrepancies.
- We reviewed 12 journal entries that decreased cash by \$71,585 in March 2018 and February 2019 to assess whether the entries were reasonable, proper and supported.
- We examined bank transfers between bank accounts in March 2018 and February 2019 totaling approximately \$1.04 million and bank withdrawals totaling \$177,717 in March and August 2018 and February 2019 to determine whether they were authorized and for proper purposes.
- We reviewed all direct deposit withdrawals totaling \$562,410 during our audit period for 31 pay periods to assess whether amounts disbursed by the Comptroller agreed with employee direct deposit and employee earnings reports. We followed up on any discrepancies identified to verify and/or account for any differences. We also reviewed 36 cleared payroll check disbursements totaling \$16,624 for December 2018. We traced amounts paid to Board authorizations for salaries and wage rates, time records and any other supporting documentation to assess if the payments were disbursed as authorized and adequately supported. We also compared employees on a payroll transaction list to Board minutes for March and August 2018 and February 2019 to assess if all employees listed were Town employees.

- 
- We selected 28 non-payroll check disbursements totaling \$248,756 from abstracts during our audit period to assess whether the claims were authorized, adequately supported and for proper purposes. We used our professional judgment to select a sample that included higher risk claims for large dollar amounts, employee reimbursements, and payments to the Supervisor, Board members and the Comptroller and unusual vendors and recurring payments. We also reviewed all 59 cleared non-payroll check disbursements totaling \$69,051 for the month of December 2018. We compared all of them to approved abstracts and assessed if they were adequately supported and for a proper purpose.
  - We reviewed the 2017 AUD and determined whether it was supported by the accounting records. We also determined whether AUDs were filed timely.
  - We reviewed employee earnings reports as of December 31, 2018 to identify deferred compensation, retirement and health insurance withholdings from employee's wages. We also reviewed the Town's reporting of the 2018 W-2s.

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.

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](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

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](mailto:localgov@osc.ny.gov)

[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

---

**SYRACUSE REGIONAL OFFICE** – Rebecca Wilcox, Chief Examiner

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel (315) 428-4192 • Fax (315) 426-2119 • Email: [Muni-Syracuse@osc.ny.gov](mailto:Muni-Syracuse@osc.ny.gov)

Serving: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence counties



Like us on Facebook at [facebook.com/nyscomptroller](https://facebook.com/nyscomptroller)

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)