



Town of Rodman

Town Clerk/Tax Collector

2023M-85 | September 2023

Contents

- Report Highlights 1**

- Town Clerk/Tax Collector 2**
 - How Should a Clerk Record, Deposit and Remit Collections?. 2

 - The Clerk Did Not Always Deposit and Remit Tax Collections in a Timely Manner 2

 - The Clerk Did Not Deposit Clerk Fees and Water Rents in a Timely Manner 3

 - The Clerk Did Not Perform Bank Reconciliations and Accountability Analyses 3

 - What Do We Recommend? 4

- Appendix A – Response From Town Officials 5**

- Appendix B – Audit Methodology and Standards 6**

- Appendix C – Resources and Services. 8**

Report Highlights

Town of Rodman

Audit Objective

Determine whether the Town of Rodman (Town) Town Clerk/Tax Collector (Clerk) recorded, deposited and remitted collections in a timely and accurate manner.

Key Findings

The Clerk accurately recorded, deposited and remitted the collections we reviewed. However, the collections were not always deposited or remitted in a timely manner. In addition, the Clerk did not prepare monthly bank reconciliations and accountability analyses by preparing a list of liabilities and comparing it to reconciled bank balances and money on hand.

As a result, there was an increased risk that collections could have been lost or stolen. In addition, money not remitted in a timely manner remained unavailable to fund Town and Jefferson County (County) operations.

The Clerk did not:

- Deposit 157 real property tax, clerk fees or water rent collections totaling \$48,271 within the required time frames.
- Remit real property tax collections to the Town Supervisor (Supervisor) or County Treasurer (Treasurer) in a timely manner.

Key Recommendations

- Deposit and remit all collections within the required time frames.
- Prepare monthly bank reconciliations and accountability analyses, whereby known liabilities are reconciled to available cash.

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

Background

The Town, located in Jefferson County, is governed by an elected five-member Town Board (Board) composed of the Supervisor and four Board members. The Board is responsible for the general management of Town operations and finances, including overseeing the Clerk's cash collections activities.

The Clerk collects fees for a variety of purposes, including licenses and permits issued, and vital records. She is also responsible for collecting rents for the Town's water district. Generally, all fees received by the Clerk are the property of the Town, County or New York State and must be promptly remitted to the appropriate entities.

The Clerk also serves as the Tax Collector and is responsible for collecting and remitting real property taxes to the Supervisor and Treasurer.

Quick Facts

Total Amounts Reviewed

All 2022 Real Property Taxes	\$718,171
June – August (2021 and 2022) Water Rents	\$11,838
June – August (2021 and 2022) Clerk Fees	\$5,488

Audit Period

January 1, 2021 – November 17, 2022

Town Clerk/Tax Collector

How Should a Clerk Record, Deposit and Remit Collections?

A town clerk (clerk) must properly account for all transactions by promptly and accurately recording the daily 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.

The clerk must deposit all fees collected within three business days after total collections exceed \$250. The clerk must remit such money owed to the town supervisor by the 15th day of the following month. Furthermore, the clerk, when serving as tax collector, must deposit all real property taxes collected within 24 hours of receipt and remit amounts collected, including any interest and penalties, to the town supervisor at least once a week until the town's share of taxes is collected in full. The clerk must remit all additional tax collections to the county treasurer no later than the 15th day of each month following the date of receipt.

The clerk should also prepare monthly bank reconciliations and accountability analyses by preparing a list of liabilities and comparing it to reconciled bank balances and money on hand. These are critical procedures that serve to document the status of money held by the clerk, provide a means to verify the accuracy of financial records, and ensure assets are sufficient to meet liabilities.

The Clerk Did Not Always Deposit and Remit Tax Collections in a Timely Manner

We traced all 694 recorded tax collections for 2022 totaling \$718,171 to bank deposits and remittances to the Supervisor and Treasurer. While all collections were deposited intact and fully remitted to the Supervisor and Treasurer, the deposits and remittances were not always made in a timely manner.

Of the 694 recorded tax collections, the Clerk did not deposit 44 collections totaling \$39,928 within 24 hours of receipt as required. On average, the Clerk deposited these collections two days late, and deposited the latest collection five days beyond the 24-hour requirement.

The Clerk also did not remit collections to the Supervisor on a weekly basis as required. For example, the Clerk collected taxes in each of the first two weeks of January 2022 totaling \$234,394. The Clerk also had collected the Town's full tax levy of \$172,796 during this time (by January 12). However, the Clerk did not remit any collections to the Supervisor until she remitted the Town's full levy on January 25, 2022, which was not until the fourth week of January. Furthermore, although required to pay interest and penalties to the Supervisor weekly, the Clerk did not remit interest and penalties totaling \$305 (collected in February and March 2022) until April 25, 2022.

In addition, the Clerk did not remit collections to the Treasurer by the 15th of each month after she had collected the Town's share of taxes in full. The Clerk collected the Town's tax levy in full on January 12, 2022, but did not remit any collections to the Treasurer until she settled with the County on March 21, 2022. The Clerk remitted these tax collections, totaling \$545,375, between six and 65 days late (Figure 1).

Figure 1: Late Tax Remittances to the County

Amount	Days Late
\$52,874	65
475,495	34
17,006	6
\$545,375	

The Clerk said she tried to deposit tax collections as often as possible, but it was difficult to do so every day because the Town's bank is 11 miles from the Town Hall. She also said she was unaware of the requirements for remitting collections to the Supervisor and the Treasurer.

When tax collections are not deposited and remitted in a timely manner, there is an increased risk that loss or theft can occur. Additionally, the longer collections remain unremitted, the longer they remain unavailable to fund Town and County operations.

The Clerk Did Not Deposit Clerk Fees and Water Rents in a Timely Manner

We reviewed all 230 clerk fees and water rents collected from June 1 through August 31 of both 2021 and 2022 totaling \$17,326. We compared recorded collections to available supporting documentation and traced collections to bank deposits and remittances to the Supervisor and other New York State agencies.

We determined all collections were recorded accurately, deposited intact and properly remitted. However, the Clerk did not deposit all collections in a timely manner. Although required to be deposited within three business days after total collections exceeded \$250, the Clerk did not deposit 113 collections (49 percent) totaling \$8,343 within this time frame. The Clerk deposited these collections between one and 22 days late, with an average of six days late. This occurred because the Clerk stated she was unaware of deposit requirements.

When collections are not deposited in a timely manner, the risk that funds may be lost or stolen increases.

The Clerk Did Not Perform Bank Reconciliations and Accountability Analyses

The Clerk did not perform bank reconciliations or accountability analyses for either her clerk or tax collector bank account during our audit period. The Clerk stated she did not perform reconciliations or accountability analyses because, with the few checks written from her accounts each month, she did not think it

...[T]he Clerk did not deposit 113 collections (49 percent) totaling \$8,343 within [the required] time frame.

was necessary to do them. Furthermore, the Clerk did not maintain running cash balances within the checkbook registers for her bank accounts. As a result, had the Clerk attempted to perform bank reconciliations each month, she would have been precluded from doing so because she had no recorded cash balances to reconcile against adjusted bank balances.

We performed a cash count and prepared accountability analyses as of October 3, 2022. For both clerk fees and real property taxes, the Clerk's available cash matched known liabilities. However, when monthly bank reconciliations and accountability analyses are not prepared, there is an increased risk that discrepancies between cash assets and liabilities could exist, go undetected and remain uncorrected. If discrepancies are not identified and resolved in a timely manner, it may become increasingly difficult to determine their cause and take corrective action.

What Do We Recommend?

The Clerk should:

1. Attend formal training for performing her Town Clerk and Tax Collector duties. This can include local officials training provided by the Office of the State Comptroller, such as a webinar for Town Clerk and Tax Collector positions.¹
2. Deposit all real property tax collections within 24 hours of receipt, and clerk fees and water rents within three business days after collections exceed \$250.
3. Remit real property tax collections to the Supervisor at least once each week until the Town's share of taxes is collected in full, and all collections thereafter to the Treasurer no later than the 15th day of each month following the date of receipt.
4. Maintain a running cash balance in the checkbook register for each bank account.
5. Perform monthly bank reconciliations and accountability analyses to verify the accuracy of financial records and ensure that assets are sufficient to meet liabilities.

¹ [Webinars | Office of the New York State Comptroller](#)

Appendix A: Response From Town Officials



Town of Rodman, County of Jefferson
Established 1805

Supervisor Lisa C Worden
P.O. Box 523
12509 School Street
Rodman, New York 13682-0523

Phone (315) 232-2522 • Fax (315) 232-3853 • TDD 711 • rodmansupv2020@gmail.com

September 14, 2023

Office of the New York State Comptroller
Division of Local Government and School Accountability
Syracuse Regional Office
State office Building, Room 409
333 East Washington Street
Syracuse, New York 13202-1428

RE: Town of Rodman Audit Response

To Whom It May Concern,

We are in possession of the preliminary draft of the OSC Audit Report and have had the final meeting with the auditors.

We are in agreement with the findings in the audit report and will take corrective action as needed. A CAP report will be sent to your office after our October monthly town board meeting.

Respectfully,

Lisa Cole Worden
Town of Rodman Supervisor

This institution is an equal opportunity provider, and employer. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

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 the Clerk and other 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 over the Clerk's collections process had been established.
- We traced all 694 recorded tax collections for 2022 totaling \$718,171 to deposit compositions to determine whether collections were deposited intact and in a timely manner. We also compared these recorded collections to canceled check images out of the Clerk's tax collection bank account to determine whether amounts collected were properly remitted to the Supervisor and County in a timely manner.
- Using our professional judgment, we selected for review all 230 clerk fees and water rents collected from June 1 through August 31 of both 2021 and 2022 (the months during our audit period when water rents were collected) totaling \$17,326. We compared recorded collections to available supporting documentation (such as copies of permits and licenses) and traced collections to bank deposits to determine whether collections were properly recorded and deposited intact and in a timely manner. We also compared these recorded collections to canceled check images out of the Clerk's bank account to determine whether amounts collected were properly remitted to the Supervisor and other appropriate parties.
- We performed a cash count of the Clerk's undeposited funds on October 3, 2022 to determine whether amounts on hand agreed with recorded collections. We prepared an accountability analysis as of the same date to determine whether the cash on hand and in the bank agreed with known liabilities.

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.

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.

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.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/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.state.ny.us/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/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

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

www.osc.state.ny.us/local-government

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

SYRACUSE REGIONAL OFFICE – Rebecca Wilcox, Chief of Municipal Audits

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

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

osc.state.ny.us

