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December 12, 2014

Peter Markou, Treasurer  
Greene County Office Building  
411 Main St, 4<sup>th</sup> Floor  
PO Box 191  
Catskill, NY 12414

Report Number: 2014M-294

Dear Mr. Markou:

Greene County (County) officials are responsible for safeguarding court and trust funds in their care. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with court orders or statutory authorization and are properly recorded, appropriate reports are prepared and appropriate corrective action is taken in response to audit findings.

Pursuant to the State Constitution, Article V, Section 1 and further authority vested in the State Comptroller by Articles 2 and 12 of the New York State Finance Law and Section 42 of the New York State Executive Law, we examined certain records and reports for the County's court and trust funds for the period January 1, 2013 through January 1, 2014.

We discussed our findings and recommendation with County officials and considered their comments when preparing this report. The County's response is attached to this report in Appendix A. County officials agreed with our recommendation, and they plan to take corrective action.

### **Background and Methodology**

Pursuant to a court order, certain assets may be provided to the court and then delivered to the County Treasurer (Treasurer) for safekeeping. Payments made pursuant to court orders commonly involve surplus moneys from foreclosures and contract disputes resulting in a mechanic's lien.<sup>1</sup> These actions are recorded in the County Clerk's office when payments are deposited as required by court order. Additionally, in certain circumstances,<sup>2</sup> funds from estates are entrusted to the Treasurer for safekeeping by order of the Surrogate's Court. Together, the Treasurer, County Clerk

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<sup>1</sup> Security interest in property filed to ensure payment for contracted services rendered on the property

<sup>2</sup> When the whereabouts of any person entitled to payment from the estate is unknown

and Surrogate's Court must develop sound procedures and processes which, when implemented properly and consistently, provide a system of internal controls to account for and safeguard these funds.

Our objective was to determine whether County officials have established appropriate controls to safeguard and account for court and trust funds. We examined records maintained by the County Clerk, Surrogate's Court and Treasurer for the period January 1, 2013 through January 1, 2014. We interviewed County officials and reviewed relevant financial and court records. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

### **Audit Results**

We found that the records maintained by the Surrogate's Court and County Clerk were generally up-to-date and complete, and we did not find any material discrepancies.

Pursuant to the New York State Abandoned Property Law (Abandoned Property Law), moneys which have remained in the hands of a county treasurer for a period of three years, together with all accumulated interest, less the treasurer's statutory fees, are deemed abandoned property. The treasurer should, after public notice, pay all such abandoned moneys to the State Comptroller by the 10th of April of the next succeeding year. We identified funds which improperly remained in the Treasurer's custody and should have been turned over to the State Comptroller as abandoned property.

We identified 18 actions totaling \$66,637 that have not been turned over to the State Comptroller as abandoned property, even though the funds have been in the custody of the Treasurer for more than three years, as follows:

<b>Action No.</b>	<b>Date of Origination</b>	<b>Abandoned Property Due Date</b>	<b>Title of Action</b>	<b>Amount</b>
910-196	02/04/00	04/10/05	A. Veverka v. Burstell	\$16,692.07
912-198	07/07/00	04/10/05	Reich v. Town of Greenville	\$279.63
931-217	09/12/03	04/10/08	Estate of Wilbur Warwick/S. Warwick	\$6,921.11
932-218	09/12/03	04/10/08	Estate of Wilbur Warwick/J. Warwick	\$6,921.11
934-220	04/20/04	04/10/09	Estate of Gladys Rivenburgh	\$889.38
937-223	09/20/04	04/10/09	SIB Mortgage Corp. v. Estate of W. Young	\$377.98
938-224	10/19/04	04/10/09	S. Greenberg v. Catskill Mountain Realty	\$1,331.17
939-225	01/25/05	04/10/10	Option One Mortgage v. Rasher & Young	\$30.20
943-229	08/17/05	04/10/10	Green Tree Credit, LLC v. O'Bryan	\$816.24
954-240	02/27/06	04/10/11	Cranesville Block Co. v. Robert Villaneuve	\$513.96
956-242	06/19/06	04/10/11	G & L Construction & Heavy Equipment v. Mims	\$6,546.68
959-245	10/12/06	04/10/11	Elco Electric Launch, Inc. v. Electric Launch Co.	\$255.16
967-253	07/13/07	04/10/12	Nationscredit v. Sylvia R. Kearns	\$86.19
968-254	08/01/07	04/10/12	Countrywide Home Loans v. Zurek et. al.	\$187.42
970-256	11/30/07	04/10/12	Northeast Panel & Truss v. Rizzuto	\$639.90
973-259	01/28/08	04/10/12	APF Fire Prevention, Inc. v. Estate Capital	\$14,820.58
977-263	07/28/08	04/10/12	Citibank v. Shauna Toh	\$3,151.05
980-266	03/06/09	04/10/12	Trustco Bank v. Milton Watson et. al.	\$6,177.59
			<b>Total</b>	<b>\$66,637.42</b>

We also discussed minor deficiencies with County officials during our fieldwork.

### **Recommendation**

1. The Treasurer should ensure that all moneys deemed abandoned property are paid to the State Comptroller in a timely manner.

We would like to thank County officials and staff for the courtesies and cooperation that were extended to our auditors and encourage County officials to take corrective action.

Sincerely,

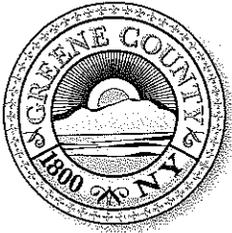
Gabriel F. Deyo

cc: Shaun S. Groden, County Administrator  
Michael Flynn, County Clerk  
Honorable Charles M. Tailleir, Judge  
Honorable Terry Wilhelm, Judge  
Diane Bartholomew, Executive Fiscal Administrator/Deputy Treasurer

## **APPENDIX A**

### **RESPONSE FROM COUNTY OFFICIALS**

County officials' response to this audit can be found on the following page.



**Greene County  
Treasurer  
Peter J. Markou**

411 Main Street  
PO Box 191  
Catskill, New York 12414

December 4, 2014

NYS Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 103  
New Windsor, NY 12553

RE: Greene County Court and Trust Funds

To Whom It May Concern:

Thank you for the opportunity to respond to the draft audit report 2014M-294 dated November 4, 2014. This correspondence will also serve as the corrective action plan for the County.

The draft report included one recommendation related to Court and Trust fund monies.

1. *The Treasurer should ensure that all moneys deemed abandoned property are paid to OSC in a timely manner.*

Eighteen court and trust actions were found to be in the custody of the Treasurer for more than three years.

The Treasurer's office agrees with the audit report and has taken steps to address the recommendation as follows:

We have begun writing to the clients and/or attorneys involved with each action. Many of the eighteen actions are still in litigation; documentation reflecting same will be kept and updated every three years.

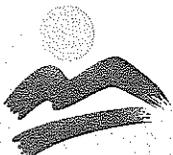
Some actions have not been settled due to insufficient information to contact the clients; or insufficient information to connect monies to the clients in order to send to Unclaimed Funds. We have contacted Unclaimed Funds and will use their guidance in these situations.

The audit draft report serves as an incentive for us to continue to improve our business processes and to fulfill the needs of and our obligations to the taxpayers. We appreciate the efforts of the audit team in conducting this audit. Thank you again for the opportunity to review and respond.

Sincerely,

Peter Markou  
County Treasurer  
Greene County Treasurer's Office

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