



THOMAS P. DINAPOLI  
COMPTROLLER

STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**  
110 STATE STREET  
ALBANY, NEW YORK 12236

ELLIOTT AUERBACH  
DEPUTY COMPTROLLER  
DIVISION OF LOCAL GOVERNMENT  
AND SCHOOL ACCOUNTABILITY  
Tel: (518) 474-4037 Fax: (518) 402-4892

November 2022

Karen Christie  
Treasurer, Jefferson County  
175 Arsenal Street  
Watertown, NY 13601

Report Number: 2022-C&T-6

Dear Treasurer Christie:

Jefferson 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 assurance that resources are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with court orders and/or statutory authorization and are properly recorded; appropriate reports are prepared; and appropriate corrective action is taken in response to examination findings.

Pursuant to the New York State Constitution, Article V, Section 1 and further authority granted to the State Comptroller by Articles 2 and 12 of New York State Finance Law and Section 42 of New York State Executive Law, we examined certain records and reports for the County's court and trust funds for the period January 1, 2019 through September 8, 2022.

### **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 money 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 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.

---

<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

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 Treasurer, County Clerk, and Surrogate's Court. 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. The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

## Results

Pursuant to New York State Finance Law Section 184, the Treasurer is required to submit a report on an annual basis to the State Comptroller accounting for all money, securities and other properties deposited into a court and ordered into the Treasurer's custody.

We reviewed the Treasurer's, County Clerk's and Surrogate's Court's processes, procedures and records for the receipt and management of court and trust funds as well as estates in the Treasurer's custody. We found the Treasurer generally established adequate procedures, maintained appropriate records and properly reported court and trust funds and abandoned property to the State Comptroller as prescribed by statute with no material discrepancies. However, the Treasurer did not provide the depository (bank used to hold court and trust money) with an itemized list of each court action and other required information that would allow bank officials to provide annual certificates of balances to the Treasurer and the State Comptroller's Office (OSC), as required by New York State Codes, Rules and Regulations.

Without proper communication, the bank officials would not know that the money deposited belongs to court and trust actions and, as a result, would not provide required reports to the Treasurer and OSC. As a result, this can impair the accountability of funds belonging to court ordered recipients.

We found the records maintained by the County Clerk and Surrogate's Court were up to date and complete and we noted no material discrepancies.

We would like to thank County officials and staff for the courtesies and cooperation that were extended to our examiners.

### Recommendation:

1. The Treasurer should ensure court and trust actions are properly communicated to the bank and that a depository report is maintained and submitted to the Treasurer and OSC annually.

Sincerely,

Elliott Auerbach  
Deputy Comptroller

cc: Robert F. Hagemann, III, County Administrator  
Gizelle Meeks, County Clerk  
Honorable Eugene R. Renzi, Surrogate's Court Judge  
Daniel R. Johnson, New York State Unified Court System, Chief Internal Auditor