



# Village of Odessa

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## Clerk-Treasurers' Records and Reports

2020M-11 | June 2023

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# Report Highlights

## Village of Odessa

### Audit Objective

Determine whether the Clerk-Treasurers accurately and completely accounted for, recorded and reported financial transactions in a timely manner.

### Key Findings

- The former Clerk-Treasurer did not make cash deposits in a timely manner.
- The former Clerk-Treasurer did not properly record her leave usage. She earned and used leave that she was not entitled to and paid herself an unauthorized payment for unused leave to which she was not entitled when she left Village employment. The total value of these unauthorized payments was \$13,293.
- The former Clerk-Treasurer erroneously reported an additional 392.54 days worked to the New York State and Local Retirement System (NYSLRS).

### Key Recommendations

- Deposit all cash receipts in a timely manner, within the legal requirements.
- Develop written policies and procedures for the type of records needed to request, approve, earn, use and record leave and the payment of unused leave upon leaving Village employment. Pursue collection of any erroneous or unauthorized leave payments.
- Ensure the Clerk-Treasurer's monthly reports to NYSLRS are accurate.

Village officials agreed with our findings and indicated they have initiated or plan to initiate corrective action.

### Background

The Village of Odessa (Village) is located in the Towns of Catherine and Montour in Schuylar County. The Village provides various services to its residents, including general government support, street maintenance and improvement, snow removal, lighting, fire protection, refuse collection, and library and water services. These services are primarily funded by real property taxes, sales tax and user fees.

The Village is governed by an elected Board of Trustees (Board) and a Mayor. The Mayor is the Village's chief executive officer responsible for the day-to-day management under the Board's direction. The Board-appointed Clerk-Treasurer is the chief fiscal officer responsible for having custody of and accounting for all money.

#### Quick Facts

Population	591
2019-20 Appropriations	\$716,835
Employees	13

### Audit Period

June 1, 2017 – December 17, 2019. We extended our audit period back to January 1, 2012 for our review of leave records and NYSLRS reports.

The release of this report was held due to the findings being referred to outside law enforcement for review.

# Clerk-Treasurers' Records and Reports

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During our audit period, the Village experienced turnover in the Clerk-Treasurer's office. The former Clerk-Treasurer resigned on February 23, 2019, and the current Clerk-Treasurer was appointed on March 7, 2019. The Town of Catherine Town Clerk and Court clerk processed, recorded and reported financial transactions for the Village in the interim.

## How Should a Clerk-Treasurer Record and Report Financial Transactions?

A board-appointed clerk-treasurer's financial records and reports must be complete, accurate and up-to-date to be useful for managing a village's operations. The clerk-treasurer is responsible for performing basic accounting functions, including maintaining accounting records and providing financial reports to the board and outside entities. The board must ensure that the clerk-treasurer maintains accurate and complete accounting records and reports.

New York State Village Law (Village Law) requires a clerk-treasurer to keep a complete and accurate account of the receipt and disbursement of all money using proper accounting procedures.<sup>1</sup> The accounting records should accurately reflect the village's financial operations and condition and the clerk-treasurer should provide periodic financial reports to the board to monitor financial affairs throughout the year.

To enhance their usefulness, these reports should include budget-to-actual comparisons of revenues and expenditures for each fund and a trial balance report that includes reconciled cash balances by fund. Village Law requires the clerk-treasurer's collections be deposited within 10 days.<sup>2</sup> In addition, deposits should be made intact in the same order and form (i.e., cash or check) in which they are received.

A clerk-treasurer is required to file a village's annual update document (AUD), which is an annual financial report, with the Office of the State Comptroller (OSC) within 60 days after the close of the fiscal year, unless the clerk-treasurer applies for a 60-day extension. A clerk-treasurer, who prepares payroll, is responsible for preparing accurate payroll reports. This includes submitting monthly reports to NYSLRS and quarterly reports to the Internal Revenue Service and New York State Department of Taxation and Finance along with federal and State tax withholdings. All of these reports depend on accurate and timely accounting records.

New York State General Municipal Law (GML) authorizes a board to grant vacation, sick leave and leaves of absence to its officers or employees, with

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<sup>1</sup> Village Law, Section 4-408

<sup>2</sup> Ibid

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or without pay, and adopt rules and regulations in relation thereto.<sup>3</sup> GML also authorizes a board to provide for the cash payment of the monetary value of accumulated and unused vacation when an individual leaves village employment. Village officials should periodically verify the accuracy of employee leave records including leave time earned and used. Furthermore, accurately reporting days worked for employees helps ensure the benefits they receive are accurate.

Sufficient records should be kept to ensure employees earn, use and receive pay only for leave to which they are entitled. Procedures should ensure that leave is earned and carried over from year-to-year in accordance with village policies and employment letters, leave used is properly deducted from leave balances and any payments made to employees for unused vacation leave when they leave village employment are based on accurate leave records.

### **The Former Clerk-Treasurer Did Not Deposit Cash in a Timely Manner or File Timely Reports**

We reviewed the various financial records and reports maintained and transactions related to receipts, disbursements and bank statements to determine whether receipts were accurately recorded and deposited on time, disbursements were accurately recorded, monthly Treasurer's reports were prepared and presented to the Board and annual reports were filed with OSC in a timely manner.<sup>4</sup>

Receipts and Disbursements – We found that the former Clerk-Treasurer, and the Town of Catherine Town Clerk and Court clerk who served in the interim, generally recorded receipts and disbursements accurately and timely, except for some minor discrepancies which we discussed with Village officials and the current Clerk-Treasurer.

However, we found that the former Clerk-Treasurer did not deposit cash receipts in a timely manner.<sup>5</sup> For the period of June 1, 2018 through May 23, 2019, 15 of 22 cash collections received totaling \$1,875 (68 percent) were deposited between four and 71 days late. The former Clerk-Treasurer told us that she only went to the bank approximately once a month, even though the bank was across the street from the Village offices.

Financial Reports – We found no documentation to support that the former Clerk-Treasurer provided the Board with monthly financial reports. When we asked about receiving these reports, the Board members provided conflicting statements about whether reports were received. The Board minutes for the period June 1,

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3 GML, Section 92

4 Refer to Appendix B for information on our methodology.

5 Collections paid by check or money order were remotely deposited to the Village bank account upon receipt.

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2017 through May 31, 2019 did not disclose any reference to monthly Treasurer's reports, except for the March 2018 minutes, which disclosed that the former Clerk-Treasurer was cleaning up monthly reports. In addition, the March 2019 minutes disclosed that the current Clerk-Treasurer stated that Treasurer's reports needed to be presented to the Board.

Further, we found that the former Clerk-Treasurer did not apply for extensions to file the AUDs for 2015-16, 2016-17 and 2017-18. She filed the 2015-16 AUD on February, 3, 2017 (187 days late), the 2016-17 AUD on January 30, 2018 (183 days late) and the 2017-18 AUD on February 22, 2019 (206 days late). During our audit fieldwork, the current Clerk-Treasurer applied for an extension and filed the 2018-19 AUD on September 30, 2019, the extended due date.

When the Board does not receive periodic financial reports and the year-end reports are untimely, it cannot make informed decisions and its oversight is limited.

### **The Former Clerk-Treasurer Maintained Inaccurate Leave and Payroll Records and Reports**

The former Clerk-Treasurer failed to accurately and completely record leave time earned and used. Although the former Clerk-Treasurer told us that an employee benefits policy was adopted in November 1999, which was also supported by the Board minutes, officials were unable to provide us with the policy. Based on our review of the minutes, employees working less than 25 hours per week were not entitled to vacation or sick leave. We reviewed the employment letters for all employees of the Department of Public Works (DPW) and the Library, which stated the type of leave these employees were eligible for.

Specifically, the DPW Superintendent was eligible to receive two weeks of vacation and two weeks of sick leave each year and the Library employee was entitled to 10 hours of sick and personal leave each year. Although the type of leave for the other DPW employee was specified (i.e., sick and vacation), the amount of leave he was entitled to was not included. The former Clerk-Treasurer had no employment letter on file and Village officials were unable to provide us with any other documentation specifying the type or amount of leave she was entitled to.

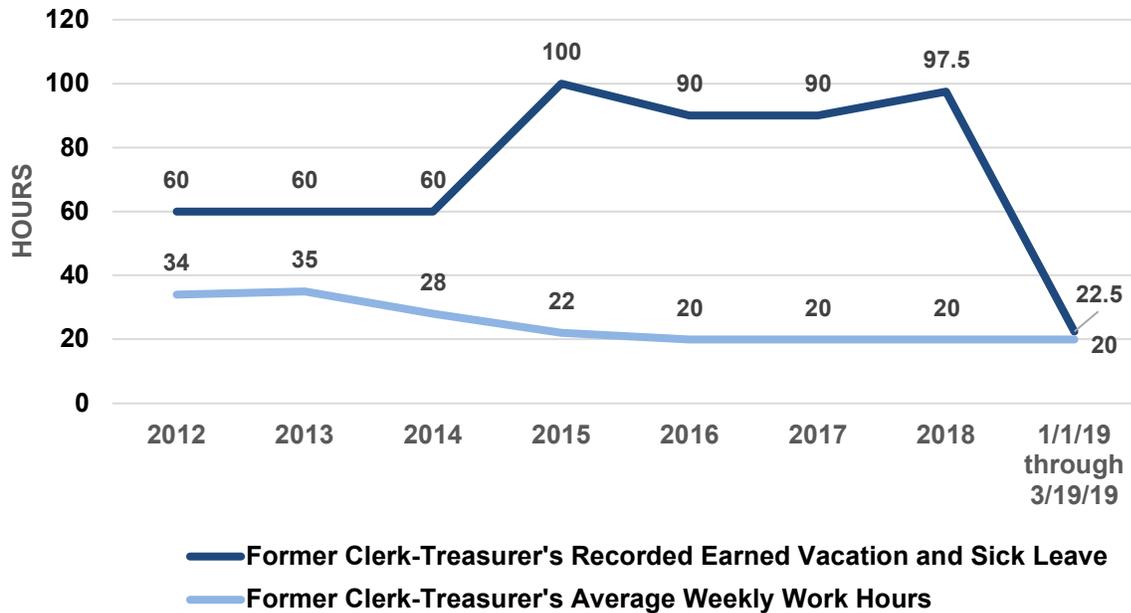
Employees were not required to complete a leave request, instead they recorded leave used on their biweekly time sheets. The former Deputy Mayor approved the former Clerk-Treasurer's time sheets, the Mayor approved the DPW Superintendent's time sheets and the department heads approved their employees' time sheets. Both the former and current Clerk-Treasurer maintained available leave balances in the computerized payroll system.

On February 19, 2019, the former Clerk-Treasurer paid herself \$1,961 for unused vacation leave when she left Village employment. To determine whether the former Clerk-Treasurer's vacation payout was accurate, we reviewed her recorded leave balances. We identified errors in the amount of leave earned and used. For example, we found that leave recorded on her time sheets were not recorded in the leave records.

As a result, we reviewed all employees' leave records and time sheets for the period January 1, 2012 through August 20, 2019 who were employed during the audit period. Other than minor errors with the DPW Superintendent's vacation leave balance, which we discussed with Village officials, we found no issues with other employees' leave balances. However, the former Clerk-Treasurer erroneously earned vacation and sick leave that she was not entitled to because, as of March 17, 2014, she worked less than 25 hours per week (Figure 1).

**FIGURE 1**

**Former Clerk-Treasurer's Recorded Leave Hours Earned Vs. Average Weekly Work Hours From 2012 Through March 19, 2019**



We found that the former Clerk-Treasurer used 488 hours of leave to which she was not entitled valued at \$11,332. She failed to record 102 hours of vacation leave used, 48 hours of sick leave used and 42.5 hours of unidentified leave used

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as shown on 23 of the 167 time sheets we reviewed. Further, we were unable to locate the former Clerk-Treasurer's time sheets for the period February 24, 2015 through November 17, 2015.

The former Deputy Mayor approved the inappropriate payment to the former Clerk-Treasurer and certified the payroll that included the payment, even though the Mayor was available to certify the payroll and always did this task. The former Deputy Mayor told us that she did not recall certifying the payroll and that the former Clerk-Treasurer likely gave the payroll to her to sign and she did so without performing a thorough review.

Although we found that payroll reports were filed in a timely manner, the former Clerk-Treasurer erroneously reported the number of days she worked on 58 of the 85 NYSLRS monthly reports for the period of January 1, 2012 through January 31, 2019. Even though the former Clerk-Treasurer's work hours were reduced to 4.5 hours per day as of March 17, 2014, and 4.0 hours per day as of June 1, 2015, she still reported on the NYSLRS monthly reports that she was working a full standard 6-hour day. As a result, the former clerk-treasurer over reported her days worked by 392.54 days.

This practice continued for the next two monthly reports (February and March 2019), after the former Clerk-Treasurer had already left Village employment. As a result, an additional 15 days of work was reported to the NYSLRS. Therefore, the former Clerk-Treasurer's reported days worked to the NYSLRS were overstated by 407.54 days.

This occurred because the former Clerk-Treasurer performed all financial duties with little or no oversight. Although the former Deputy Mayor signed the former Clerk-Treasurer's time sheets, she told us that she did not review the leave records to ensure payroll data was correctly entered.

The release of this report was held due to the findings being referred to outside law enforcement for review.

## **What Do We Recommend?**

The Clerk-Treasurer should:

1. Deposit all cash receipts in a timely manner and in accordance with the law.
2. Provide the Board with monthly budget-to-actual comparisons of revenues and expenditures for each fund and trial balance reports of reconciled cash balances and should clearly indicate in the minutes that reports were provided.

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The Board should:

3. Develop written policies and procedures for the type of records needed to request, approve, earn, use and record leave, the payment for unused leave upon leaving Village employment and recovery of any erroneous or unauthorized leave payments.
4. Provide adequate oversight of the Clerk-Treasurer's duties.
5. Ensure the Clerk-Treasurer files the AUD in a timely manner.
6. Ensure the Clerk-Treasurer's leave records and monthly reports to the NYSLRS are accurate.
7. Seek to recoup the \$13,293 in unauthorized payments made to the former Clerk-Treasurer.

# Appendix A: Response From Village Officials

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1928 COUNTY ROAD 15  
ODESSA, NY 14869

607-594-2100 Phone  
607-594-4282 Fax

Mayor: Gerry Messmer  
Clerk/Treasurer: Pamela Kelly

Trustees:  
Pam Cicconi  
Alijia-Jean Bailey  
Kristine Gardner  
Thomas Letteer, Jr.

June 5, 2023

Office Of the State Comptroller  
Local Government and School Accountability  
The Powers Building  
16 West Main Street - Suite 522  
Rochester, NY 14614

To Whom It May Concern:

In response to the recommendations given after an audit of the Village of Odessa, the board has the following responses:

1. The new clerk has been following all rules and regulations pertaining to timely deposits.
2. The clerk will commence with providing the board with monthly reports for each fund showing budget to actual comparison of revenues and expenditures, trial balance reports of reconciled cash balances and will clearly indicate this in her minutes in the new fiscal year.
3. The Personnel Policy has been revised to include specific information regarding benefits for both full-time and part-time employees, if there will be payment for unused leave when leaving the village and how to request, approve, earn use and record leave.
4. The board reviews vouchers monthly, audits the clerk yearly and will now also review monthly reports to ensure oversight of the clerk's duties. A deputy clerk has also been hired to review bank statements, audit cash deposits, input water payments and be a second set of eyes.
5. The clerk/treasurer has been filing the AUD timely each year. The 2021-22 AUD required much help from the OSC and did take longer to finalize with their help.
6. The mayor reviews each payroll to ensure that leave, retirement, etc., are reported correctly.
7. The village will not seek to recoup the \$13,293 in unauthorized payments made to the former clerk/treasurer, as a civil suit would be senseless since the Chemung County District Attorney failed to get a conviction.

Please let me know if you require more information or have any questions regarding any of the responses provided by the board for your recommendations.

Sincerely,

Pamela P. Kelly  
Clerk/Treasurer

## 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 current and former Village officials responsible for financial oversight and maintaining accounting records and reviewed Board minutes to gain an understanding of the policies, procedures and financial reporting, Clerk-Treasurer's financial duties and to determine whether oversight was provided.
- To determine whether the accounting records were accurate and supported, we reviewed the Village's financial records and compared them to the bank statements. We recalculated adjusted bank balances as of May 31, 2018 and May 31, 2019 and determined whether liabilities were supported as of May 31, 2018 and May 31, 2019.
- We compared the May 31, 2018 independent auditor's report and the AUD to the accounting records to determine whether the records were accurate.
- We reviewed deposit compositions for all deposits made from June 1, 2018 through May 23, 2019 and March 1, 2018 through March 31, 2018 to determine whether deposits were made on time and intact.
- We reviewed all cancelled check images for March 2018 and April 2019 disbursements. We traced these disbursements to the vouchers to determine whether the payments were for appropriate purposes, approved by the Board and department heads and adequately supported. We also verified the check stubs to the disbursement recorded in the accounting records and compared the payroll disbursements to the time sheets.
- To determine whether budget modifications were timely and approved by the Board, we reviewed Board minutes and budget-to-actual reports located in the Clerk-Treasurers' folders as of May 31, 2018 and May 31, 2019.
- We performed a cash count of the Clerk-Treasurer on May 23, 2019, the start of our audit fieldwork.
- We determined whether annual reports and periodic reports required by statute were filed in a timely manner and accurate. To assess timeliness, we used our professional judgment to select all federal and State quarterly reports and the NYSLRS monthly reports, for the period April 1, 2018 through March 31, 2019 for review. To determine reporting accuracy, we used our professional judgement to select the federal and State quarterly reports for the third quarter of 2018 and the first quarter of 2019 to review a report filed by each Clerk-Treasurer. For determining the NYSLRS monthly reporting accuracy, we used our professional judgment to select the reports filed from June 1, 2018 through May 31, 2019. Because we found that the

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former Clerk-Treasurer's number of days worked were over reported, we reviewed all the NYSLRS monthly reports filed from January 1, 2012 through March 31, 2019.

- We reviewed all transfers between Village bank accounts to ensure all transfers from Village bank accounts were accurately accounted for.
- We reviewed leave records and time sheets for the former and current Clerk-Treasurers, DPW Superintendent, DPW employee, and library employee to determine whether leave records were accurate for the period January 1, 2012 through August 20, 2019. The former Clerk-Treasurer's timesheets were missing for the period of February 24, 2015 through November 17, 2015.
- We used our professional judgment to select the January 8, 2019 and January 22, 2019 payrolls. We reviewed all employee time sheets attached to the payroll records for these payrolls and the 2018 W-2's to determine whether employees and officials were accurately paid.

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.

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-Treasurer's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf)

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

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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/local-government](http://www.osc.state.ny.us/local-government)

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

**ROCHESTER REGIONAL OFFICE** – Edward V. Grant Jr., Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: [Muni-Rochester@osc.ny.gov](mailto:Muni-Rochester@osc.ny.gov)

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