



# Village of Port Dickinson

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## Capital Asset Accountability

2023M-68 | August 2023

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# Report Highlights

## Village of Port Dickinson

### Audit Objective

Determine whether Village of Port Dickinson (Village) officials properly recorded and accounted for capital assets.

### Key Findings

Village officials did not properly record and account for all capital assets. As a result, the Village has an increased risk its assets could be lost, stolen or misused without detection.

- The Board of Trustees (Board) did not adopt a written capital asset policy or conduct periodic inventories.
- Officials did not maintain a complete and current capital asset list (asset list).
- We were unable to definitively locate and trace 32 of 35 assets reviewed to the Village's asset list because the asset, purchase invoice and/or asset list did not contain specific identifying information, such as make, model or serial numbers.

### Key Recommendations

- Develop and adopt a comprehensive, written capital asset policy.
- Maintain a complete, accurate and current inventory of all capital assets.

Village officials generally agreed with our recommendations and indicated they planned to initiate corrective action. Appendix B includes our comment on an issue raised in the Village's response letter.

### Background

The Village is located in the Town of Dickinson in Broome County. The Village is governed by the elected five-member Board which includes the Village Mayor (Mayor) and four Board members. The Board is responsible for the general oversight of the Village's operations and finances, including developing policies and safeguarding Village assets.

The Mayor is the Village's chief executive officer and is responsible for the Village's day-to-day management under the Board's direction, which includes appointing and supervising the Village Treasurer (Treasurer).

The Treasurer is the Village's chief fiscal officer and is responsible for recording purchases and preparing reports.

#### Quick Facts

Capital Assets Purchased During our Audit Period	\$129,868
2022-23 General Fund Appropriations	\$1 million
Population	1,717

### Audit Period

June 1, 2021 – February 28, 2023

# Capital Asset Accountability

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Capital assets have a useful life of more than one year. They can include buildings and land, parking lots, machinery, vehicles, furniture, computer equipment and software.<sup>1</sup> Consequently, they represent a significant investment of village resources.

## How Should Village Officials Record and Account for Capital Assets?

A village board is responsible for instituting controls over capital assets to ensure they are protected from loss, waste and misuse. Therefore, a village board should establish a comprehensive, written capital asset policy that defines what is considered a capital asset and establishes the minimum dollar value for various types of assets to be tracked. A lower-dollar threshold may be needed for higher-risk portable assets, such as hand tools and laptops.

The capital asset policy should describe procedures for inventory recordkeeping, including specific information for identifying village assets (e.g., serial number, make or model). Also, the capital asset policy should indicate how assets should be labeled, such as affixing asset tags with identification numbers.

In addition, the capital asset policy should describe the periodic inventory process, recordkeeping requirements and methods for disposal of village assets. The board should designate a person who, or position that, is responsible for maintaining the asset list and ensuring items can be properly identified.

The periodic inventory process involves comparing actual capital assets onsite to the capital assets recorded on the asset list. Any discrepancies between actual and recorded capital assets should be fully investigated. Such discrepancies may lead to a review and modification of internal controls and an adjustment to the accounting records. The inventory does not need to be completed every year for each department, but some departments (e.g., those that have portable assets) should be done each year. Therefore, a physical inventory should be conducted of each department over a three- or four-year period.

## Officials Did Not Properly Record and Account for Capital Assets

The Board adopted a surplus property policy that addressed disposal methods for surplus assets. However, the Board did not adopt a written capital asset policy establishing a minimum dollar value for assets to be recorded, or procedures for recording assets or conducting periodic inventories. The Board also did not designate a person who, or position that, is responsible for maintaining an asset list.

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<sup>1</sup> Refer to OSC's *Local Government Management Guide: Capital Assets* (<https://www.osc.state.ny.us/files/local-government/publications/pdf/capital-assets.pdf>) for further information.

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Furthermore, the Mayor and other Village officials<sup>2</sup> told us that they did not use asset tags or conduct periodic inventories. The Treasurer provided us with an asset list, dated March 31, 2022, that showed additions and deletions of capital assets by year dating back to May 31, 2001. However, the list did not contain any additions or deletions between June 1, 2007, and May 31, 2017. In addition, it did not contain purchase or disposal dates, or identifying information such as serial numbers and make or model information.

We selected 20 assets<sup>3</sup> totaling \$52,322 that were purchased during our audit period to determine whether they were in the Village's possession and recorded on the asset list. Of the 20 assets, we located and definitively identified three items. Also, we located 17 other items totaling \$28,111 that matched the make and description of the remaining assets. However, we could not be certain that these 17 items were the ones purchased during our audit period because officials did not record or maintain sufficient asset information to allow someone to determine whether the asset found was the same asset that officials purchased.

The 17 items included:

- A dump box for a truck,
- A swing set,
- A Chromebook, two tablets, a vehicle-mounted tablet and a charger docking station,
- A digital camera and two thermal heat-seeking cameras,
- A printer,
- A chainsaw and a telescoping pole saw, and
- Two fire hoses, a hydrant adapter and a 12-foot lawn hose.

In addition, we performed a walk-through of the Village hall, fire department and public works buildings and selected another sample of 15 capital assets.<sup>4</sup> We could not determine whether these assets were listed on the asset list because the list did not contain specific identifying information, such as make, model or serial numbers.

The Mayor told us he was unaware that the Village needed a capital asset policy. In addition, the Treasurer told us that she did not always update the asset list and

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2 The Treasurer, Village Clerk, deputy clerk and Department of Public Works Supervisor.

3 Ten assets with purchase prices of \$500 or more and 10 assets that each cost less than \$500. Refer to Appendix C for further information on our sample selection.

4 Refer to Appendix C for information on our sample selection.

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that Village staff did not always notify her of asset disposals. Furthermore, the Mayor and other Village officials<sup>5</sup> told us the Village was small and that the assets were used frequently, so officials would notice if anything was missing.

However, without capital asset policies, adequate detailed asset tracking records and identification procedures, the Village has an increased risk that its capital assets could be lost, stolen or misused without detection. Also, officials cannot ensure that Village assets are properly recorded and accounted for.

## **What Do We Recommend?**

The Board should:

1. Develop and adopt a comprehensive, written capital asset policy that includes the types and values of assets that are considered capital assets; assigns a person who, or position that, is responsible for tracking assets; and includes procedures for tracking (inventorying) and labeling assets and performing periodic physical inventories.
2. Monitor asset records to ensure they are accurate and current.
3. Ensure that officials and employees are complying with the capital asset policy.

Village officials should:

4. Maintain a complete, accurate and current inventory of all capital assets that includes the make, model, serial number or other identifying information for each asset.
5. Conduct periodic physical inventories.

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<sup>5</sup> See supra, note 2.

# Appendix A: Response From Village Officials

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## Village of Port Dickinson

Trustees:  
Michael Cashman  
James DeGennaro  
Robert Moas  
Robert Warholc

Susan E. Fox, Clerk  
Sandra Reiffer, Treasurer  
Coughlin & Gerhart, Attorney

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KEVIN M. BURKE, MAYOR



July 14, 2023

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
PSU-CAP Submission  
110 State Street, 12<sup>th</sup> Floor.  
Albany, NY 12236

Re Response Letter to Draft Village of Port Dickinson Financial Condition Report of Examination 2023M-68

Please find the Audit Response and Corrective Action Plan (CAP) for the Village of Port Dickinson because of the recent NYS Comptroller Audit.

Please be advised that this Audit Response is also serving as the CAP.

On behalf of our Treasurer Sandra Reiffer, Clerk Susan Fox, and the Village Board we would like to extend our gratitude for the professionalism and consideration extended to us by Examiners [REDACTED] and the supporting staff of the Comptroller's Office. They made this Audit productive and illuminating.

The Village of Port Dickinson accepts the majority of the comments and recommendations in the Audit. We have some reservations as set forth in detail below. However, we are taking your recommendations as an opportunity to improve our operations and practices in the Village of Port Dickinson.

RECEIVED  
Office of the State Comptroller

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## AUDIT RESPONSE

### **RECORD and ACCOUNT for CAPITAL ASSETS,**

As we did not have a "written capital asset policy" our Department Heads and Trustees maintained knowledge of all assets primarily for the purpose of planned purchases and budgetary planning. Having knowledge of each asset to know when that asset's effectiveness had expired thus needing replacement.

We did not have a formal inventory record but please be advised that the Village Clerk has a record of purchases due to the Purchase Requisition process we instituted. Although tracking those assets would be tedious through this process.

Annual inventories were completed up to several years ago but as personnel change and new Trustee come on the Board that practice was overlooked. As this is no excuse for a physical inventory, we accept the need to perform this task annually.

The Village does have and maintains a written Surplus Disposal policy whereas any piece of equipment is listed and forwarded to the Board to be noted and that disposal approved at a Board Meeting.

Subsequently all assets listed have been accounted for either by location or through the surplus disposal policy.

I do not recall stating that I "personally felt it was unnecessary to perform periodic inventories because the Village was small." I directly participated in the Fire Departments extensive inventory for numerous years, so I was aware of the need for annual inventories.

See Note 1 Page 8
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## CORRECTIVE ACTION PLAN

Prior to the completion of our Audit the Village had already begun the creation of a comprehensive written capital asset policy. This policy will identify the types and values of capital assets.

The Village Clerk, with the assistance of the Deputy Village Clerk, will be the designated personnel that will be responsible for maintaining the asset list, properly identifying each asset and adjusting as assets are disposed of. They will maintain a complete inventory of all capital assets that will list make, model, serial number any additional information and the number of the inventory tag if applicable. This process will be aided by the Village Treasurer by insuring that prior to any capital purchase being processed that assets will be recorded and tagged if necessary.

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**The established inventory will be made available to each Trustee and Department periodically to ensure accurate compliance.**

**Our Capital Asset plan will note that capital assets have a useful life of one year and additionally we are considering that assets more than soon to be established amount be useful for five years or more. E.g., Dump Trucks , Tractors, Fire Apparatus.**

**We have already purchased inventory tags that are like the ones in use by state and other municipal agencies. These tags will be issued in addition to the recording of serial numbers that will be entered.**

**As all purchase orders first come through the Clerk and Treasurer, they will enter these asset purchases and complete the Asset inventory list as the purchases are received.**

**Every department in the Village will complete an annual inventory of all assets and more frequently if necessary.**

**In addition, we would like to thank the Office of the State Comptroller for their many useful proposals, several of which we have already implemented. Thank you for allowing us to respond to your recommendations.**

**In closing we welcomed this review as it provides us with a more proper way to manage our Village and provides a greater insight into fiscal policies.**

**Yours truly,**

**Kevin M. Burke, Mayor**

## Appendix B: OSC Comment on the Village's Response

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### Note 1

We updated the final report to clarify Village officials' statements.

## Appendix C: 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 Village officials and reviewed Board meeting minutes and policies to gain an understanding of controls over the Village's capital assets.
- We reviewed the Village's asset list to determine which assets were included on the list and whether the list was accurate, current and contained necessary identifying information.
- We examined disbursements recorded in the Village's accounting system, and invoices for assets purchased from June 1, 2021 through February 28, 2023, and identified 106 assets purchased totaling \$129,868. We then used a random number generator to select 10 assets purchased with a cost greater than or equal to \$500 and 10 assets purchased with a cost less than \$500. For assets purchased with a cost less than \$500, two instances occurred where like items were selected. Therefore, we replaced those assets in our sample with two other higher-risk portable assets. We performed a walk-through of Village buildings to determine whether these assets were in the Village's possession, properly identified and included on the asset list.
- During our walk-through of Village buildings, we used our professional judgment to select 15 assets (which we expected to be recorded on a typical asset list, based on their portability or our estimates of their purchase price) within the buildings to determine whether the assets were included on the asset list.

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

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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 Village Clerk's office.

## Appendix D: 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

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

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

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

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[www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf)

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## Contact

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