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Eric Virkler  
Treasurer, Lewis County  
7660 N. State Street  
Lowville, NY 13367

Report Number: 2024-C&T-1

Dear Treasurer Virkler:

Lewis 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 Office of the State Comptroller (OSC) 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, 2021 through January 24, 2024.

### **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.

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

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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.

our findings and conclusions. The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

## Results

Pursuant to Finance Law Section 184, the Treasurer is required to submit a report on an annual basis to OSC 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 that the Treasurer generally established adequate procedures, maintained appropriate records, and properly reported court and trust funds. However, we identified \$239 that improperly remained in the Treasurer's custody that should have been turned over to the State Comptroller as abandoned property.

Pursuant to New York State Abandoned Property Law Section 600, money that has remained in the hands of the Treasurer for a period of three years, together with all accumulated interest, less the Treasurer's statutory fees, is deemed abandoned property. The Treasurer should, after public notice, pay all such abandoned property to the State Comptroller by the tenth of April of the next year. We identified one action that was not properly turned over to the State Comptroller (Figure 1).

<b>Figure 1: Schedule of Abandoned Property</b>			
<b>Date of Origination</b>	<b>Abandoned Property Due Date</b>	<b>Title of Action</b>	<b>Amount</b>
1/5/11	4/10/15	Charles M. Case, Irene R. Case & Guy Case vs Alpine Holdings LLC & Clem Carfaro	\$239

The Treasurer told us he was aware the action should be turned over to the State Comptroller and is in the process of taking corrective action.

We also reviewed the County Clerk's and Surrogate's Court records and determined that they were up to date and complete and noted no material discrepancies. We would like to thank County officials and staff for the courtesies and cooperation that were extended to our auditors.

## Recommendation

The Treasurer should:

1. Ensure that all money deemed abandoned property is paid to the State Comptroller in a timely manner, as required.

Sincerely,

Robin L. Lois, CPA  
Deputy Comptroller

cc: Ryan Piche, County Manager  
Lawrence Dolhof, Chairman of the Board of Legislators  
Jake Moser, County Clerk  
Colleen Moynihan, Surrogate's Court Chief Clerk  
Honorable Daniel R. King, Surrogate's Court Judge  
Daniel R. Johnson, New York State Unified Court System, Chief Internal Auditor