



# Town of Southold

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## Peconic Bay Community Preservation Fund

**P7-23-24 | February 2024**

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# Report Highlights

## Town of Southold

### Audit Objective

Determine whether Town of Southold (Town) officials properly administered the Peconic Bay Community Preservation Fund (CPF) to ensure that all collections were properly supported, recorded and deposited and that disbursements were proper and supported.

### Key Findings

Town officials ensured the CPF collections we examined were properly supported, recorded, and deposited in full and that disbursements were proper and supported. Town officials also ensured the debt service payments we reviewed were for legitimate CPF purposes and properly allocated. Specifically:

- Of the 103 deposits totaling \$28 million made to the CPF bank account during the audit period, we reviewed 10 deposits totaling \$14.5 million. All 10 deposits we reviewed were properly receipted, deposited timely and intact, and accounted for.
- Of the 111 disbursements totaling \$16.1 million paid during the audit period, we reviewed 11 disbursements totaling \$11.7 million. All 11 disbursements were adequately supported and approved prior to payment.
- We reviewed all 12 debt service payments totaling \$4.2 million made during the audit period. All 12 were properly allocated and represented a legitimate liability incurred by the CPF.

### Key Recommendations

There were no recommendations as a result of this audit.

### Audit Period

January 1, 2021 – December 31, 2022

### Background

The Town is located in Suffolk County and includes the Village of Greenport and nine hamlets.

The Town is governed by a six-member Town Board (Board). The Town Supervisor (Supervisor) is the presiding Board member and serves as the chief fiscal officer.

The Land Preservation Executive Assistant (CPF Coordinator) is responsible for the administration of the Town’s CPF program and relies on the Town Accounting Department for depositing and recording CPF revenues and making CPF payments.

### Quick Facts

#### As of December 31, 2022

Total open space, farmland, parks and historic sites preserved to date	2,708 acres
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Total Cash on Hand	\$26.9 million
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#### 2021-2022

Collections	\$28 million
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Disbursements	\$16.1 million
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# Community Preservation Fund

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The Peconic Bay CPF, created in 1998 by legislation within Town Law Section 64-e (Town Law), authorized the Town to establish such a fund by local law. Town Law has been amended by subsequent legislation to provide additional guidance on the administration of the CPF within the Town. The CPF's overall goal is to preserve open land and farmland in the Town, a goal which includes purchasing open space and environmentally sensitive lands. It is financed by a 2 percent real estate transfer tax, administration of which is governed by Tax Law Section 31-d. The Board, together with the Supervisor and CPF Coordinator, is responsible for overseeing the CPF's financial activities and safeguarding its resources.

## **What Procedures Should the Town Have for CPF Collections and Disbursements?**

It is essential that Town officials establish procedures to ensure collections are properly supported, accounted for, and deposited in full and disbursements are authorized, supported, and for proper purposes. Procedures should include:

- Ensuring that all assessed real estate transfer taxes are remitted,
- Issuing duplicate press-numbered receipts when there is no other supporting documentation of collections,
- Reconciling money collected with deposits,
- Ensuring collections are deposited intact (i.e., in the same amount and form [e.g., cash, check] as received) and within 10 days (as required by Town Law Section 29),
- Segregating key duties to ensure that one employee does not perform all phases of a transaction,
- Limiting the authorization to initiate claims to specific employees,
- Ensuring claims are supported and authorized prior to being paid,
- Maintaining documentation for all disbursements, and
- Ensuring that transactions are properly recorded, and accounting records are up-to-date, complete, and accurate.

## **Collections Were Properly Supported, Recorded and Deposited**

An Account Clerk Typist in the Town Accounting Department receives all real estate transfer tax checks that finance the Town CPF and deposits all checks. Another Account Clerk Typist enters the journal entry for the deposit in the Town's financial system for the Town Comptroller to review and post the deposit.

We reviewed 10 CPF bank account deposits totaling \$14.5 million of the 103 deposits totaling \$28 million made during the audit period to determine whether

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they were properly receipted, deposited timely and intact and accurately recorded. We found all 10 deposits were properly receipted, deposited timely and intact, and accounted for.

## **Disbursements Were Proper and Supported**

Land Purchases – After the closing of a Board-approved CPF land purchase, the CPF Coordinator submits a signed payment voucher and a copy of the Board meeting documenting the approval to the Accounting Department. An Account Clerk Typist then enters the vendor invoice into the Town’s financial system for the Town Comptroller or Deputy Town Comptroller to review, initial and post in the Town’s financial system. The Account Clerk Typist cuts the Town check for the CPF property purchase; checks over \$10,000 receive an additional handwritten signature from the Supervisor or Deputy Supervisor. The Town check for a property purchase is then included in the next warrant batch for Board review and approval.

Ordinary Purchases – For ordinary purchases (e.g., office supplies), the CPF Coordinator signs and submits a purchase order to the Accounting Department. After both the Town Comptroller and Supervisor review and sign the purchase order, a copy of the signed purchase order is sent back to the CPF Coordinator. When the goods/services are received, the CPF Coordinator signs and submits a voucher payment form with vendor invoice to the Accounting Department. An Account Clerk Typist enters the vendor invoice in the Town’s financial system for the Town Comptroller or Deputy Town Comptroller to review, initial and post in the Town’s financial system for inclusion in the next batch warrant for Board review and approval. An Account Clerk Typist cuts the vendor check and mails it out the day following Board approval.

Debt Service Payments – The Town makes bond principal and interest payments in February of each year, and bond interest payments in August of each year.

We reviewed 11 disbursements totaling \$11.7 million (of the 123 disbursements totaling \$20.3 million paid during the audit period) to determine whether the purchases were for legitimate CPF purposes, properly approved before payment and supported by adequate documentation, such as itemized invoices or receipts. The purchases were for legitimate CPF purposes, adequately supported and approved prior to payment.

We also reviewed all 12 debt service payments totaling \$4.2 million paid during the audit period to determine whether the payments were properly allocated to the CPF and represented a legitimate liability incurred by the CPF. We found the debt service payments were for legitimate CPF purposes, properly allocated to the CPF, adequately supported, and approved prior to payment.

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## **Conclusion**

Town officials have established adequate procedures for CPF collections and disbursements and ensured that the CPF collections we examined were properly supported, recorded, and deposited in full. Town officials also ensured that the CPF disbursements we examined were proper and supported.

# Appendix A: Response From Town Officials

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**ALBERT J. KRUPSKI, JR.  
SUPERVISOR**



Town Hall, 53095 Route 25  
P.O. Box 1179  
Southold, New York 11971-0959  
Fax (631) 765-1823  
Telephone (631) 765-1889

**OFFICE OF THE SUPERVISOR  
TOWN OF SOUTHOLD**

January 3, 2024

Ira McCracken, Chief of Municipal Audits  
Office of the New York State Comptroller  
Division of Local Government & School Accountability  
110 State Street, 12th Floor  
Albany, NY 12236

Unit Name: Town of Southold  
Audit Report Title: Peconic Bay Community Preservation Funds  
Audit Report Number: P7-23-24

Re: Town of Southold CPF Audit, Period 12/1/2021-12/31/2022

To Whom it May Concern,

In response to your mailing dated December 5, 2023, concerning the preliminary draft findings of your recent audit of the Town of Southold, Peconic Bay Community Preservation Fund, Report of Examination P7-23-24, we confirm that we have received and reviewed the report, and offer no additional comments as there were no recommendations as a result of the audit.

Please feel free to contact my office should you require any additional information.

Sincerely,

Albert J. Krupski, Jr.  
Southold Town Supervisor

## 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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Town officials and employees to gain an understanding of the procedures over collecting and recording revenues and disbursing funds for the Town's CPF.
- We used our professional judgment to select a sample of 10 bank deposits totaling \$14.5 million and verified the deposit amounts from the bank statements to the CPF general ledger to ensure they were properly recorded.
- We used our professional judgment to select a sample of 11 disbursements totaling \$11.7 million to determine whether they were legitimate expenditures related to land acquisition, water quality improvement or management and stewardship costs.
- We obtained and reviewed Town CPF debt service schedules, bond closing statements and other supporting documentation to verify all 12 debt service payments totaling \$4.2 million paid during the audit period to determine whether the payments were for legitimate CPF purposes and were properly recorded and approved.

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 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 Town Clerk's office.



## Appendix C: Resources and Services

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### **Regional Office Directory**

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

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

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

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

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

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

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

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

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

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

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

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

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## Contact

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)

<https://www.osc.ny.gov/local-government>

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

**HAUPPAUGE REGIONAL OFFICE** – Ira McCracken, Chief of Municipal Audits

NYS Office Building, Room 3A10 • 250 Veterans Memorial Highway • Hauppauge, New York  
11788-5533

Tel (631) 952-6534 • Fax (631) 952-6091 • Email: [Muni-Hauppauge@osc.ny.gov](mailto:Muni-Hauppauge@osc.ny.gov)

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