

Village of Addison

Former Clerk-Treasurer's Misappropriation of Funds

2024M-19 | July 2025

Contents

Report Highlights 1

Former Clerk-Treasurer’s Misappropriation of Funds 2

 How Should the Clerk-Treasurer Account for Revenues and Expenditures? 2

 The Former Clerk-Treasurer Misappropriated Village Funds 2

 The Former Clerk-Treasurer Did Not Properly Account for Revenues and
 Expenditures 4

 What Do We Recommend? 6

Appendix A – Letter from OSC Division of Investigations 7

Appendix B – Response From Village Officials 9

Appendix C – Audit Methodology and Standards 10

Appendix D – Resources and Services 12

Report Highlights

Village of Addison

Audit Objective

Determine whether the Village of Addison (Village) Clerk-Treasurer properly deposited, recorded, reported and disbursed Village funds.

Key Findings

The former Clerk-Treasurer¹ did not properly deposit, record, report or disburse Village funds and misappropriated more than \$1.1 million in Village funds for personal gain. The former Clerk-Treasurer was able to perform these acts without detection because the Board of Trustees (Board) failed to fulfill its fiscal responsibilities, provide oversight and segregate the duties of the former Clerk-Treasurer (see *Village of Addison – Board Oversight (2024M-8)*). The former Clerk-Treasurer misappropriated revenue collections totaling \$925,757 and made questionable or inappropriate expenditures totaling \$94,562 and inappropriate and unauthorized payroll payments totaling \$341,992 (see *Village of Addison – Payroll (2024M-12)*). She also did not maintain complete and accurate accounting records, provide financial reports to the Board, file payroll reports or remit biweekly withholdings in a timely manner resulting in approximately \$5,000 in penalties and interest.

As a result of the Comptroller’s audit and subsequent investigation, the former Clerk-Treasurer was arrested in 2023 and charged with misappropriating funds and making unauthorized payments totaling more than \$1.1 million in Village funds over a 19-year period. In May 2024, she pleaded guilty to one count of first degree Corrupting the Government (B Felony) and was sentenced to three to nine years in State prison in August 2024. As part of her sentence, the former Clerk-Treasurer was required to forfeit her monthly public pension. This sentence represents the first time a public official in New York State surrendered their pension as a penalty for corruption while in office.

Key Recommendations

The report includes five recommendations that, if implemented, will improve the Clerk-Treasurer’s operations. Village officials generally agreed with our recommendations and indicated they have initiated corrective action.

Audit Period

June 1, 2009 – March 31, 2023.

This report was held in abeyance due to a pending investigation by our Office (Appendix A).

Background

The Village is located in the Town of Addison in Steuben County (County). The Village provides various services including street maintenance and repair, general government support, fire and police protection, community center rental and water and sewer services.

The Village is governed by the elected Board which is composed of four Trustees and a Mayor, who is the chief executive officer. The Board is responsible for the general oversight of the Village’s financial operations.

The Clerk-Treasurer is the chief fiscal officer, responsible for custody of Village funds, maintaining accounting records and preparing monthly and annual financial reports.

Quick Facts	
2022-23 Fiscal Year General Fund Budgeted Appropriations	\$1,051,737
2022-23 Fiscal Year Tax Levy	\$657,759
2022-23 Fiscal Year General Fund Budgeted Revenues	\$393,978

1 The former Clerk-Treasurer resigned on March 1, 2023.

Former Clerk-Treasurer's Misappropriation of Funds

How Should the Clerk-Treasurer Account for Revenues and Expenditures?

A clerk-treasurer should ensure revenue collections are immediately recorded upon receipt and deposited in a timely manner and intact (in the same amount and form – cash or check – as received). The clerk-treasurer is required to issue pre-numbered duplicate receipts when no other satisfactory evidence for audit purposes is available, such as a bill stub or other documentation to support a payment remittance.

Non-payroll disbursements of village money as payment for goods received or services rendered should be supported by the issuance of a check, adequate documentation and be audited and approved by the board prior to payment. Adequate documentation consists of consecutively numbered claims/vouchers with attached detailed invoices or receipts to determine what was purchased, the price charged and that the item or service was received.

Payroll should be supported by time records and board-approved salaries and pay rates. Before payroll is finalized, registers or similar records should be reviewed and independently certified to ensure payments are accurately calculated, based on actual work performed and at the appropriate salaries and rates. The clerk-treasurer is responsible for timely remitting biweekly withholding deposits, monthly reports to the New York State and Local Retirement System (NYSLRS) and quarterly reports to the Internal Revenue Service (IRS) and the New York State Department of Taxation and Finance (NYSDTF) along with federal and State tax withholdings.

The clerk-treasurer must keep a complete and accurate account of the revenues and expenditures using proper accounting procedures. 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.

The clerk-treasurer is also required to file an annual report of the village's financial position and results of operations, known as the annual update document (AUD),² with the Office of the State Comptroller (OSC) within 60 days after the close of the fiscal year. This report provides the board, OSC, village taxpayers and other interested parties with a tool for monitoring financial operations.

The Former Clerk-Treasurer Misappropriated Village Funds

We reviewed all revenue collections for the period June 1, 2009 through March 1, 2023 and determined that the former Clerk-Treasurer misappropriated Village funds, without detection, totaling \$925,757 for personal gain.

The former Clerk-Treasurer received general fund revenues via the mail and did not issue receipts, record all revenue transactions in the computerized accounting software and deposit the money intact or in a timely manner. We reviewed 1,125 revenue collections totaling \$627,961 deposited in July 2021

² Starting in 2023, the AUD is referred to as the Annual Financial Report (AFR).

and June 2022, of which 358 revenue collections totaling \$512,782 were not deposited in a timely manner and 25 revenue collections totaling \$20,532 did not have a duplicate receipt or other supporting documentation.

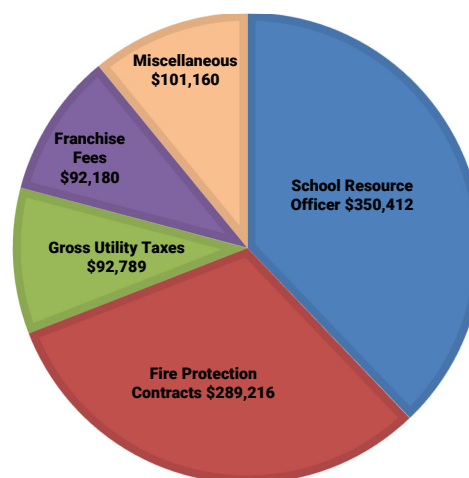
The former Clerk-Treasurer diverted revenue checks into a non-Village bank account, cashed revenue checks and made inappropriate withdrawals of Village funds from the non-Village and Village bank accounts. The most frequently misappropriated revenue checks related to fire protection contracts, school resource officer services, franchise fees and gross utility taxes (Figure 1).

The former Clerk-Treasurer used several schemes that increased in complexity to misappropriate Village funds and conceal her theft, which are detailed in the following examples:

- On February 25, 2014, the former Clerk-Treasurer deposited a miscellaneous revenue check for \$10,500 into the general fund bank account and immediately withdrew the \$10,500 and purchased two cashier's checks in the amount of \$5,500 and \$5,000. The former Clerk-Treasurer immediately cashed the cashier's check totaling \$5,000 and cashed the other on March 21, 2014.
- On April 14, 2014, the former Clerk-Treasurer received a fire protection contract check totaling \$11,464, which she deposited into the capital project main street bank account and immediately withdrew \$11,464 in cash.
- On November 18, 2014, the former Clerk-Treasurer received two gross utility tax checks totaling \$1,445, which she deposited into a non-Village bank account and immediately withdrew in cash.
- On February 25, 2015, the former Clerk-Treasurer deposited a fire protection contract check into the general fund bank account in the amount of \$11,811 and immediately withdrew \$8,000 cash.
- On August 14, 2015, the former Clerk-Treasurer closed the capital project main street bank account totaling \$61,794 but only deposited \$53,194 into the water bank account and received \$8,600 in cash.
- On November 13, 2015, the former Clerk-Treasurer withdrew and received \$2,000 cash from the capital project sewer bank account.
- On June 27, 2018, the former Clerk-Treasurer cashed the Addison Central School District's check for school resource officer services totaling \$35,896 to receive \$7,000 cash and purchase a cashier's check totaling \$28,896. On July 12, 2018, the former Clerk-Treasurer cashed the cashier's check to receive \$8,000 cash and purchased another cashier's check totaling \$20,896. The former Clerk-Treasurer continued this process until the entire amount was converted to cash.

FIGURE 1

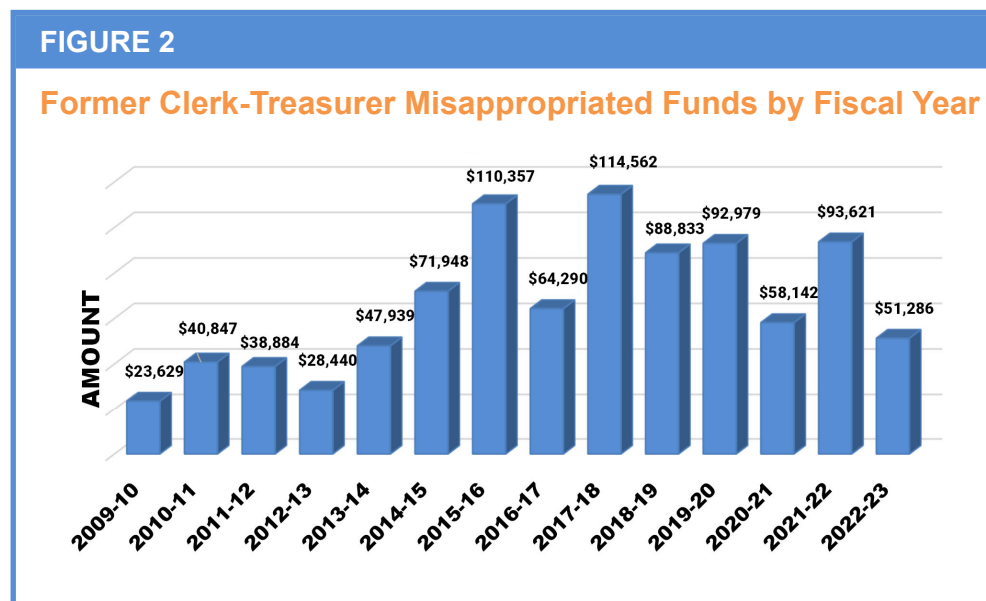
Misappropriated Revenues by Source



- On September 1, 2022, the date the former Clerk-Treasurer received our audit notification letter, she closed the non-Village bank account and purchased a cashier's check totaling \$32,286. On September 21, 2022 the former Clerk-Treasurer cashed the cashier's check to receive \$8,000 cash and purchased another cashier's check. The former Clerk-Treasurer continued this process through December 13, 2022 until the original amount was converted to cash.

In all these examples, the former Clerk-Treasurer did not deposit the cash received into a Village bank account.

The former Clerk-Treasurer was able to perform these egregious acts without detection because the Board failed to provide effective oversight, including failing to segregate the duties of the former Clerk-Treasurer. This allowed her to misappropriate \$925,757 over a more than 10 year period (Figure 2) (See *Village of Addison – Board Oversight (2024M-8)*).



The Former Clerk-Treasurer Did Not Properly Account for Revenues and Expenditures

Accounting Records – The former Clerk-Treasurer did not maintain complete and accurate accounting records or provide monthly financial reports to the Board. Although the Deputy Clerk-Treasurer recorded revenue collections of real property taxes, water and sewer user charges in the computerized accounting software and printed a daily collection report, the former Clerk-Treasurer did not record other revenues in the computerized accounting software. Instead, the Deputy Clerk-Treasurer recorded the revenue checks provided to her from the former Clerk-Treasurer in the deposit record book when preparing the bank deposit ticket.

Furthermore, the former Clerk-Treasurer did not prepare claims/vouchers for all expenditures or provide them to the Board for review and approval. We selected³ 253 disbursements totaling \$956,378 for review and noted 15 disbursements totaling \$4,986 were refunds for customer overpayments and one disbursement totaling \$2,000 was for the return of DWI grant funds to the County. Of the remaining 237 disbursements, we could not locate an invoice or claim/voucher for 16 disbursements totaling \$109,007 and only found an invoice for 70 disbursements totaling \$554,594 to support the payments for capital project, park and equipment expenditures. None of these disbursements were presented to the Board for review and approval.

We also identified 110 accounts payable check gaps that were not located on Board-approved abstracts (listing of claims), of which 108 checks were valid Village expenditures and two were outstanding checks (See *Village of Addison – Board Oversight (2024M-8)*).

In addition, we reviewed 2,088 checks payable to the Addison Fire Department, Village of Addison, Village of Addison Treasurer, former Clerk-Treasurer, Deputy Clerk-Treasurer and former Deputy Clerk-Treasurer totaling \$3,089,591 for the period of June 1, 2009 through March 31, 2023. We determined that 2,042 checks totaling \$2,910,036 were for appropriate Village purposes. However, 28 checks totaling \$94,562 were for questionable expenditures, including 17 payments to the Addison Volunteer Fire Department totaling \$93,584 without a corresponding contract or lease agreement to support what the expenditures were for. The remaining 18 checks totaling \$84,993 that were inappropriate expenditures included 15 checks payable to the former Clerk-Treasurer totaling \$84,315 for health insurance buyouts⁴ and for a wholesale club store membership reimbursement totaling \$45. The remaining three inappropriate expenditures included a check payable to the Village of Addison endorsed by the former Clerk-Treasurer to purchase a gift certificate in the amount of \$100 and two checks totaling \$533 for donations.⁵

Financial Reports – The Board did not request, and the former Clerk-Treasurer did not provide, monthly financial reports of revenues and expenditures. Furthermore, AUDs prepared by the outside accountant more than six months after they were due to OSC each year were not provided to the Board. Instead, the accountant provided a financial highlights page to the Board that included operating fund unreserved fund balance totals, results of operations and any significant budget anomalies (See *Village of Addison – Board Oversight (2024M-8)*).

In addition, the former Clerk-Treasurer did not file 37 of the 47 NYSLRS monthly reports for the period of June 1, 2019 through March 1, 2023 in a timely manner. The former Clerk-Treasurer also did not remit 59 of the 274 IRS and NYSDTF biweekly withholding deposits for the period June 1, 2018 through March 1, 2023 in a timely manner, which resulted in the assessment and payment of penalties and interest totaling at least \$1,968. The former Clerk-Treasurer filed 12 of the 38 quarterly IRS and NYSDTF payroll reports late for the period June 1, 2018 through January 31, 2023, which resulted in the assessment and payment of penalties and interest totaling at least \$3,028. The Board was unaware of these issues because the former Clerk-Treasurer paid the penalties and interest without the Board's knowledge.

³ Refer to Appendix C for our sampling methodology.

⁴ See *Village of Addison – Payroll (2024M-12)*

⁵ See Article VIII, Section one of the New York State Constitution which generally prohibits a municipality from giving or loaning municipal money to a private individual, corporation or association.

The inaccurate and incomplete records and lack of periodic financial reports denied the Board and public important financial information and helped allow the former Clerk-Treasurer to misappropriate more than \$1.1 million in Village funds during her employment without detection.

What Do We Recommend?

The Board should:

1. Negotiate written agreements that contain clear language and thoroughly detail each party's rights and responsibilities and any remuneration.

The Clerk-Treasurer should:

2. Issue a receipt for and make timely deposits of all revenue collections intact in a Village bank account, prepare a voucher or claim with adequate supporting documentation for Board approval and issue a check for all Board-approved claims.
3. Maintain complete and accurate accounting records of all revenues and expenditures for all funds.
4. Provide monthly financial reports to the Board that include a list of all money received and disbursed, budget-to-actual comparisons, fund balance amounts and reconciled cash balances for each fund.
5. File AUDs, monthly retirement reports and payroll quarterly tax reports and remit biweekly withholding deposits to the appropriate agencies in a timely manner.

Appendix A: Letter from OSC Division of Investigations

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 27, 2025

Mayor Ed Soporowski
Village of Addison
35 Tuscarora Street
Addison, New York 14801

Dear Mayor Soporowski,

I write to provide the results of the supplemental investigation by the Office of the State Comptroller's Division of Investigations.

During the audit and investigation of [REDACTED] crimes in office, the Village brought various additional allegations of potential fraud to our attention. Among other things, it was alleged that the Clerk-Treasurer who succeeded [REDACTED] had granted herself and used unauthorized vacation accruals and had increased her salary without Board approval.

A separate investigation of all allegations commenced, which included a thorough review of employee accruals, payroll records and time and attendance records. Interviews of relevant Village officials and Board members were also conducted. Although not warranting criminal prosecution, the investigation revealed that the replacement Clerk-Treasurer used leave time that she had not legitimately accrued.

The successor Clerk-Treasurer was hired in May 2023. Pursuant to the Village employment policy, she was not eligible for leave time until May 2024. However, during a Board meeting on May 8, 2023, the Board made an exception to this policy and granted her 126 hours of leave time that had to be used by December 31, 2023. There is no evidence in Board minutes that this leave time deadline was extended into 2024 or that she was granted additional leave time in 2024 to accrue prior to May. In fact, several Board members confirmed that the 2023 leave expiration date was not extended and that she was not granted additional time in 2024. Analysis of time records revealed that as of December 31, 2023, she had used 91.5 hours out of the 126 hours. Despite the expiration of the time period to utilize this leave, the investigation revealed that the successor Clerk-Treasurer not only used the remaining 34.5 hours but granted herself an additional 49.5 hours without Board approval. In total, the successor Clerk-Treasurer granted herself and used \$1,176 in leave to which she was not entitled. Notably, although the Board had not approved these additional 49.5 hours, the then-Mayor signed leave slips submitted by the successor Clerk-

Treasurer for these unauthorized hours. Several Board members informed investigators that they were unaware of the Mayor's actions.

In regard to the allegation of excess salary payments, a forensic examination of payroll records revealed an inexplicable nominal increase in the successor Clerk-Treasurer's hourly rate for one month toward the end of her tenure. Although the basis of this increase is not clear and seemingly irregular, this payroll discrepancy was remedied in the subsequent pay period resulting in a loss of less than \$25.00.

Further allegations presented to the Division of Investigations proved unfounded. Our findings were referred to law enforcement for review and the replacement Clerk-Treasurer resigned from the Village in April 2024. Although criminal prosecution was deemed unwarranted, the results of this supplemental investigation bolster the findings in our audit report of the need for enhanced oversight and guidance over the Clerk-Treasurer and Village expenditures. We further recommend that the Village Attorney review the matter and determine whether further recoupment is necessary and appropriate.

Very Truly Yours,

Stacy Marano
Assistant Comptroller
Division of Investigations

Appendix B: Response From Village Officials

June 26, 2025

Office of the State Comptroller
Division of Local Government & School Accountability
110 State Street, 12th Floor
Albany, NY 12236

RE: Village of Addison – Audit Response Letter

Audit Report Numbers:

2024M-8 (Board Oversight)

2024M-12 (Payroll)

2024M-19 (Former Clerk-Treasurer's Misappropriation of Funds)

To Whom It May Concern:

On behalf of the Village of Addison Board of Trustees, I wish to thank the Office of the State Comptroller for conducting a thorough and constructive audit of our municipality. The Village has carefully reviewed the findings outlined in the above-referenced audit reports and formally acknowledges the deficiencies identified in each.

We recognize the seriousness of the issues raised and are committed to implementing meaningful reforms to restore public trust and improve fiscal oversight, internal controls, and policy governance. This audit process has provided a critical opportunity to strengthen our internal operations and reinforce our commitment to transparency and responsible leadership.

We also note that several corrective measures had already been initiated prior to the final issuance of the audit reports. These early actions demonstrate the Village's proactive stance and willingness to make substantive changes. A formal Corrective Action Plan (CAP) is currently being finalized and will be submitted within the required 90-day period. The CAP will outline specific remedial steps, implementation timelines, and designated personnel responsible for follow-through.

We sincerely appreciate the professionalism and guidance of your audit team throughout this process. Please consider this the Village of Addison's formal response to Audit Report Numbers 2024M-8, 2024M-12, and 2024M-19.

Respectfully,

Edward Soporowski
Mayor, Village of Addison
On behalf of the Village of Addison Board of Trustees

Appendix C: Audit Methodology and Standards

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, included the following:

- We interviewed Village officials and employees and reviewed Board meeting minutes to gain an understanding of the former Clerk-Treasurer's financial duties and determine any policies and procedures adopted by the Board.
- We traced revenue collections during our audit period from various source documentation to bank statements and/or deposit compositions or deposit records to determine whether all revenues were deposited into a Village and/or non-Village bank account. For revenues not deposited, we reviewed vendor canceled check images to determine whether the revenues were cashed and/or used to purchase cashier's checks, which we also obtained.
- We reviewed all bank account withdrawals and transfers totaling approximately \$32 million to determine whether they were appropriate for the period of June 1, 2009 through March 31, 2023.
- We reviewed deposit compositions and source documents for all revenues deposited in July 2021 and June 2022 to determine whether deposits were made in a timely manner.
- We judgmentally selected 253 disbursements totaling \$956,378 to determine whether they were appropriate Village expenditures and approved by the Board.
- We reviewed Board-approved abstracts for the period June 1, 2018 through October 6, 2022 to determine whether there were any check gaps in accounts payable and payroll checks.
- We reviewed all Village bank statements for the audit period for checks payable to the Addison Volunteer Fire Department, Village of Addison, Village of Addison Treasurer, former Clerk-Treasurer, Deputy Clerk-Treasurer and former Deputy Clerk-Treasurer and compared them to claims/vouchers, deposit slips and invoices to determine whether the disbursements were appropriate.
- We selected all NYSLRS monthly reports for the period of June 1, 2019 through March 1, 2023, IRS and NYSDTF quarterly reports for the period June 1, 2018 through January 31, 2023 and NYSDTF biweekly withholding deposits for the period June 1, 2018 through March 1, 2023 to determine whether periodic payroll reports and withholding deposits were filed in a timely manner and accurate.
- We obtained the AUDs' filing dates for the last six completed fiscal years to determine whether they were filed in a timely manner.

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 Clerk-Treasurer's office.

Appendix D: Resources and Services

Regional Office Directory

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

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

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

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

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

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

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

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

www.osc.ny.gov/local-government/academy

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

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

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

ROCHESTER REGIONAL OFFICE – Stephanie Howes, 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

Serving: Cayuga, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties