



# Village of Addison

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## Board Oversight

2024M-8 | July 2025

# Contents

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- Report Highlights . . . . . 1**
- Board Oversight . . . . . 2**
  - How Should the Board Provide Adequate Financial Oversight? . . . . . 2
  - The Board Failed to Fulfill its Fiscal Responsibilities and Created a Weak Control Environment and Poor Tone at the Top . . . . . 3
  - The Board Did Not Monitor Financial Operations . . . . . 4
  - The Board Did Not Perform Effective Audits . . . . . 4
  - What Do We Recommend? . . . . . 5
- Appendix A – Letter from OSC Division of Investigations . . . . . 6**
- Appendix B – Response From Village Officials . . . . . 8**
- Appendix C – Audit Methodology and Standards . . . . . 9**
- Appendix D – Resources and Services . . . . . 10**

# Report Highlights

## Village of Addison

### Audit Objective

Determine whether the Village of Addison (Village) Board of Trustees (Board) provided adequate financial oversight.

### Key Findings

The Board did not provide adequate financial oversight, obtain periodic financial reports, monitor the budget, investigate budget and revenue anomalies reported by the outside accountant, perform an effective claims audit or annually audit the former Clerk-Treasurer’s<sup>1</sup> records (see *Village of Addison – Payroll (2024M-12)* and *Village of Addison – Former Clerk-Treasurer’s Misappropriation of Funds (2024M-19)*).

The Board’s failure to fulfill its fiscal responsibilities created a negative “tone at the top” and a weak control environment that enabled the former Clerk-Treasurer to abuse her position for personal gain.

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 audit report includes eight recommendations that, if implemented, will improve the Board’s oversight of Village operations. Village officials generally agreed with our recommendations and indicated they have initiated corrective action.

<sup>1</sup> The former Clerk-Treasurer resigned on March 1, 2023.

### Audit Period

June 1, 2019 – October 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 the Mayor. The Board is responsible for the general oversight of the Village’s financial operations. The Mayor is the Village’s chief executive officer.

The Mayor appoints all non-elective officers, subject to Board approval, including the Clerk-Treasurer, who serves as chief fiscal officer. The chief fiscal officer is responsible for custody of Village funds, maintaining accounting records and preparing monthly and annual financial reports.

Quick Facts	
Population	1,561
2022-23 Fiscal Year Total Operating Fund Appropriations	\$1,677,192
Bank Balances as of March 31, 2023	\$746,726
Real Property Tax Levy	\$657,759

# Board Oversight

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Board members must understand, review and monitor the implementation of fundamental financial and management controls and operational decisions.

The control environment, or “tone at the top” refers to a governing board’s commitment to safeguarding assets and making government operations more effective. Without adequate internal controls, management has little assurance that its goals and objectives will be achieved. A properly designed and functioning control environment reduces the likelihood that significant errors or fraud will occur and remain undetected. Additional factors that influence an entity’s control environment include: management’s philosophy and operating style; the way in which management assigns authority and responsibility; the way management organizes and develops employees; and the attention and direction provided by the governing board. The control environment sets the tone of the organization, influencing the control consciousness of all its employees.

## How Should the Board Provide Adequate Financial Oversight?

A village board (board) should, and in some cases must, develop and formally adopt written policies that establish control procedures and other requirements for daily financial and other operations. A board should establish an adequate segregation of duties so that one individual does not control all phases of financial transactions. When it is not practical or cost effective to segregate key financial duties, a board must ensure compensating controls are in place. Every policy adopted by the board should be understood by all board members, customized to fit the unique needs of the village, reviewed periodically, preferably annually and updated if needed. Finally, all policies should be disseminated to employees. Similarly, contracts to provide services, adopted by the board and signed by the mayor, provide a control that the board should use to ensure all revenues, in the proper amount, are recorded and deposited.

Board members should compare actual results of operations to policies, plans, and contracts by receiving regular financial reports from the clerk-treasurer to fulfill their responsibility of monitoring financial operations. Generally, corrective action is easier to initiate when the need is identified early. Interim reports should provide the board with timely information on such issues as: financial position, results of operations, budget status, policy compliance, service or project costs, performance measures and legal compliance matters.

One of the board’s most significant oversight responsibilities is its requirement to conduct audits. With limited exceptions, boards are required to audit and approve all claims against the village<sup>2</sup> prior to authorizing the clerk-treasurer to make payment. It is important for the board to ensure that each claim is valid, correct, sufficiently itemized, approved by the proper department and supported by sufficient documentation such as detailed receipts, invoices and receiving documentation. The board is also required to conduct an annual audit, or have a village officer, employee or an independent public accountant audit the clerk-treasurer’s annual report and the supporting records.

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<sup>2</sup> New York State Village Law Sections 5-524 and 4-408-e

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The audit process, whether the periodic audit of claims or the annual audit of accounting records and reports, is an integral part of the village's system of checks and balances. An audit can help determine whether public money is spent and handled properly; identifies conditions in need of improvement; and provides oversight and review of financial operations. At a minimum, audits provide the board the opportunity to assess the effectiveness of financial operations.

The board should also ensure that the required annual update document (AUD)<sup>3</sup> is completed and filed with the Office of the State Comptroller (OSC) within 60 days after the close of the village's fiscal year. The AUD reports a village's financial position and results of operations and is an important fiscal tool to help the board monitor village operations.

### **The Board Failed to Fulfill its Fiscal Responsibilities and Created a Weak Control Environment and Poor Tone at the Top**

The Board's failure to effectively monitor Village operations created a poor "tone at the top" and a weak control environment that enabled the former Clerk-Treasurer to abuse her position for personal gain. Ultimately, she was arrested and convicted of misappropriating funds and making unauthorized payments through payroll to herself as well as to former Village employees totaling more than \$1.1 million.<sup>4</sup>

The Board relied on the former Clerk-Treasurer to inform the Board of its responsibilities. Although this guidance contradicted Board members' previous Board experiences on other municipal boards and organizations, the Board members did not question the former Clerk-Treasurer's instructions to them.

The Board adopted investment, procurement, ethics, computer use and employment policies, but did not adopt other financial policies necessary to establish a strong control environment and communicate the Board's commitment to high ethical standards.

Specifically, the Board did not adopt policies relating to:

- Budgeting,
- Reserves,
- Payroll processing,
- Online banking,
- Information technology
- Credit cards,
- Cell phones,
- Travel/conferences,
- Claims auditing, and
- Breach notification.

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<sup>3</sup> Starting in 2023, the AUD is referred to as the Annual Financial Report (AFR).

<sup>4</sup> See *Village of Addison – Payroll (2024M-12)* and *Village of Addison – Former Clerk Treasurer's Misappropriation of Funds (2024M-19)*

Furthermore, the Board did not disseminate adopted policies to employees or review annually and update adopted policies, as needed. In addition, the Board did not segregate key financial duties or implement mitigating controls which further undermined the control environment.

The Board's lack of understanding its fiscal responsibilities, hands-off management approach and reliance on the former Clerk-Treasurer to inform the Board of its fiscal responsibilities created a poor "tone at the top" and resulted in a weak control environment. This allowed the former Clerk-Treasurer to abuse her position for personal gain by misappropriating funds.<sup>5</sup>

## The Board Did Not Monitor Financial Operations

The Board did not monitor financial operations and did not require the former Clerk-Treasurer to provide it with periodic financial reports. Without monthly financial reports, the Board cannot exercise adequate oversight of financial operations, monitor the budget and be aware of the Village's true financial condition. As a result, the Board's ability to effectively monitor revenues and expenditures against budgeted and contractual amounts and take necessary action, when warranted, was impaired.

Furthermore, AUDs prepared by the outside accountant more than six months after they were due<sup>6</sup> 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. Even with this limited financial information, the Board did not follow up or take corrective action. For example, the Board failed to investigate revenues of fire protection contracts identified by the accountant as unaccounted for.<sup>7</sup> In addition, the Board did not ensure contracted revenues from the Addison Central School District for school resource officer services were received and deposited.<sup>8</sup>

## The Board Did Not Perform Effective Audits

Claims Audit – The Board did not properly audit claims. The Board as whole did not audit all claims. Instead, annually the mayor appointed himself auditor and audited claims totaling less than \$250. In the absence of the Mayor, the Deputy Mayor performed this function. The Mayor and a Trustee audited claims totaling between \$250 and \$500 and the entire Board in attendance at the Board meeting audited and approved claims greater than \$500. In addition, the former Clerk-Treasurer did not prepare and present claims for approval for all disbursements (Figure 1).

**Figure 1: Board Claims Audit**

Approved By	Number of Claims	Amount of Claims
<b>Not Approved</b>	86 <sup>a</sup>	\$663,601
<b>Mayor or Deputy Mayor</b>	66	\$5,501
<b>Two Board Members</b>	35	\$9,927
<b>Full Board in Attendance</b>	50	\$270,363
<b>Total</b>	<b>237</b>	<b>\$949,392</b>
(a) 70 disbursements totaling \$554,594 had invoices related to capital project, park and equipment purchases, but no claim was attached; and 16 disbursements totaling \$109,007 did not have a claim or invoice available.		

<sup>5</sup> Ibid.

<sup>6</sup> AUDs were filed between 135 and 257 days late. The AUD for the year ending May 31, 2023 was 92 days late and had not been filed as of the end of our scope period.

<sup>7</sup> See *Village of Addison – Former Clerk Treasurer's Misappropriation of Funds (2024M-19)*

<sup>8</sup> Ibid.

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Furthermore, our review of the 151 approved claims determined that sufficient supporting documentation and quotes were lacking, as well as department head signatures to verify receipt. When there is not a proper audit of claims by having all the claims reviewed by the entire Board, there is an increased risk that unauthorized, improper or fraudulent claims could be paid or that the Village could pay for goods or services the Village did not receive.

Annual Audit – The Board did not annually audit, or cause to be audited, the books, records and documents of the former Clerk-Treasurer. Three Trustees were unaware of the requirement to do so and the Mayor and the other Trustee thought the outside accountant did an annual audit. However, the accountant stated that he does not perform an annual audit and only prepares the AUD using the records and bank statements provided by the former Clerk-Treasurer.

Had the Board conducted an annual audit of the former Clerk-Treasurer's books, records and documents, the misappropriation of funds totaling more than \$1.1 million may have been identified.<sup>9</sup>

## **What Do We Recommend?**

The Board should:

1. Adopt written policies and procedures for financial and operational activities that create a strong control environment, including segregating key financial duties or implementing mitigating controls, disseminate them to employees and annually review and update them as needed.
2. Ensure the Clerk-Treasurer provides the Board with monthly financial reports that include all cash activity and budget-to-actual reports and use them to monitor financial operations.
3. Ensure the AUD is filed with OSC within 60 days after the close of the fiscal year, and follow up on any significant budget anomalies.
4. Investigate fire protection contract revenues identified by an external accountant as unaccounted for.
5. Audit and approve all claims prior to payment, and ensure they have sufficient supporting documentation that includes invoices, quotes and department head signatures verifying receipt.
6. Annually audit or cause to be audited by a certified public accountant, the books, records and documents of the Clerk-Treasurer.

The Clerk-Treasurer should:

7. Provide monthly financial reports to the Board that shows all cash activity and budget-to-actual results.
8. Prepare claims with sufficient supporting documentation for all disbursements and present them to the Board for review and approval prior to payment.

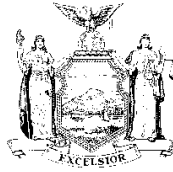
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<sup>9</sup> See *supra*, note 3.

# Appendix A: Letter from OSC Division of Investigations

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**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-



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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

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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

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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, included the following:

- We interviewed Village officials and reviewed Board meeting minutes and policies and procedures to gain an understanding of the Board's oversight of financial operations.
- We judgmentally selected 253 disbursements totaling \$956,378 for review. Of these, 237 disbursements totaling \$949,392 were required to be audited by the Board as 15 disbursements totaling \$4,986 were refunds for customer or taxpayer overpayments and one disbursement totaling \$2,000 was related to the return of DWI grant funds to the County.
- We interviewed the Village's outside accountant to determine what services were provided to the Village.
- We reviewed AUD filings to determine whether AUDs were filed with our office within 60 days after the close of the fiscal year.

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

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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

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

## Contact

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