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September 2025

William Craine
Chenango County Treasurer
5 Court St.
Norwich, NY 13815

Report Number: 2025-C&T-2

Dear Treasurer Craine:

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 State Comptroller by Articles 2 and 12 of the New York State, State Finance Law (SFL) and Section 42 of the New York State Executive Law, we examined certain records and reports for the County of Chenango's (County) court and trust funds for the period January 1, 2023 through May 31, 2025.

Background and Methodology

Pursuant to a court order, certain assets may be provided to the court and then delivered to a 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.¹ These actions are recorded in the county clerk's office when payments are deposited as required by court order. Additionally, in certain circumstances,² funds from estates are entrusted to the treasurer for safekeeping by order of the county's 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.

¹ Security interest in property filed to ensure payment for contracted services rendered on the property

² When the whereabouts of any person entitled to payment from the estate is unknown

Our objective was to determine whether County officials established appropriate controls to safeguard and account for court and trust funds. We examined records maintained by the County Treasurer (Treasurer), County Clerk and County 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 our findings and conclusions. The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

Results

Pursuant to SFL Section 184, the Treasurer is required to submit a report on an annual basis to the State Comptroller accounting for all money, securities and other properties deposited into a court and ordered into the Treasurer's custody.

Pursuant to Title 2, Section 70.7, of the New York Codes, Rules and Regulations (NYCRR), when funds are received by a county treasurer, they shall open in the court and trust ledger a separate account for each action and proceeding and shall keep an exact account of all money and securities in their charge. Each account in such book or books shall state:

1. Name of court or source of receipt when not deposited by court order.
2. Title of action or proceeding and action or proceeding number.
3. Date of entry of original order to deposit.
4. Date of original receipt of money or securities.
5. Name of person from whom received.
6. Name of each beneficiary, when known, or purpose for which the deposit is made.
7. Amount of money or securities received.
8. Description of securities received.
9. Name of depository in which the funds are deposited.
10. Each addition of interest.
11. Date and description of each order directing payment.
12. Date and amount of each payment and to whom paid.
13. Each investment, in any, and change thereof.
14. Such additional data as may be required by the State Comptroller.

NYCRR Title 2, Section 70.7(a) further states the same must be entered into the court and trust fund ledger at the time the underlying transactions occur.

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. The Treasurer generally established adequate procedures, maintained appropriate records and properly reported court and trust funds. However, the Treasurer's court and trust ledger did not contain all information required by Title 2, Section 70.7, of the NYCRR. Specifically, the ledger did not include the following information:

1. Date of entry of original order to deposit.
2. Date of original receipt of money or securities.

3. Date and description of each order directing payment.
4. Date and amount of each payment and to whom paid.

We also reviewed the County Clerk's and Surrogate's Court's records and determined that they were up to date and complete, and we noted no material discrepancies.

Recommendation

1. The Treasurer should ensure that all required information is included in the Treasurer's court and trust ledger.

We would like to thank County officials and staff for the courtesies and cooperation that were extended to our auditors.

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller

cc: Brian Wessels, County Clerk
Frank B. Revoir, Surrogate's Court Judge
Candy Roy-Jones, Surrogate's Court Chief Clerk
Carol Jones, New York State Unified Court System, Chief Internal Auditor