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August 2025

Joel Gagnon, Town Supervisor  
Members of the Town Board  
Town of Danby  
1830 Danby Road  
Ithaca, NY 14850

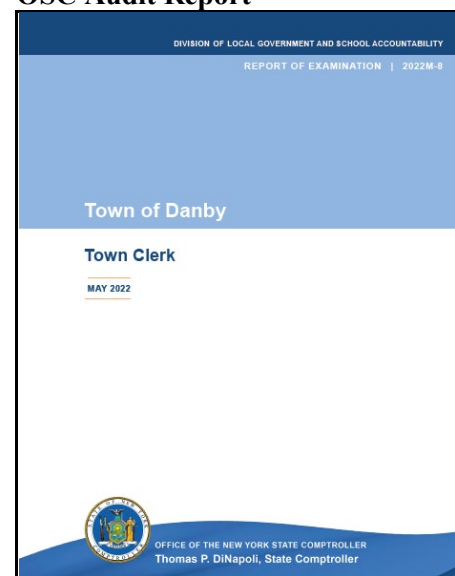
Report Number: 2022M-8-F

Dear Town Supervisor Gagnon and Members of the Town Board:

One of the Office of the State Comptroller's (OSC's) primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. OSC also works to develop and promote short-term and long-term strategies to enable and encourage town officials to reduce costs, improve service delivery and to account for and protect their town's assets.

In accordance with these objectives, we conducted an audit of the Town of Danby (Town) to assess whether the Town Clerk (Clerk) recorded, deposited, remitted and reported collections in a timely and accurate manner. As a result of our audit, we issued a report, dated May 20, 2022, identifying certain conditions and opportunities for Town management's review and consideration (Figure 1). In response to the audit, officials filed a corrective action plan (CAP) with our Office on May 6, 2022. The CAP identified the actions officials took or planned to take to implement the audit recommendations.

**Figure 1: Town of Danby 2022  
OSC Audit Report**



<https://www.osc.ny.gov/files/local-government/audits/2022/pdf/danby-2022-08.pdf>

To further our policy of providing assistance to local governments, we revisited the Town on May 1, 2025 to review progress in implementing our recommendations. Our follow-up review was limited to interviews with Town personnel and inspection of certain documents related to the issues identified in our report. Of the 10 audit recommendations, Town officials implemented four recommendations, partially implemented one recommendation and did not implement five recommendations.

### **Recommendation 1 – Deposit Collections in a Timely Manner**

The Clerk should deposit collections in a timely manner.

Status of Corrective Action: Not Implemented

Observations/Findings: We reviewed all 1,945 tax collections from January 1, 2025 through March 31, 2025 totaling approximately \$4.4 million and identified 1,091 collections (56 percent) totaling approximately \$2.5 million were not deposited within 24 hours of receipt, as required. On average, tax collections were deposited three days after collection. The original OSC audit identified that 79 percent of tax collections were not deposited in a timely manner; they were deposited an average of six days after collection. The Clerk told us she was not always able to make the deposits prior to the bank closing and that she did not always use the night deposit option. However, New York State Town Law (Town Law) Section 35 requires tax collection deposits within 24 hours of collection. Additionally, we reviewed all 26 clerk fees in January 2025 totaling \$601 and determined they were deposited in a timely manner. When collections are not deposited in a timely manner, there is an increased risk that money may be lost or used for inappropriate purposes.

### **Recommendation 2 – Properly Secure Collections**

The Clerk should properly secure collections prior to being deposited.

Status of Corrective Action: Fully Implemented

Observations/Findings: We determined that these collections were adequately secured prior to deposit. The Clerk and one Deputy Clerk separately told us and demonstrated that they have separate locked cash drawers for tax collections and clerk fees:

- Both drawers are kept in a locked filing cabinet.
- The filing cabinet and cash drawers remain locked unless they need to make change for a transaction.
- The Clerk and Deputy Clerks are the only individuals with keys to access the cash drawers and filing cabinet.
- The office with the locked filing cabinets is locked when not in use.

### **Recommendation 3 – Remit Collections in a Timely Manner**

The Clerk should remit collections to the appropriate parties in a timely manner.

Status of Corrective Action: Not Implemented

Observations/Findings: The Clerk told us that she was not familiar with the requirement to remit tax collections to the Supervisor weekly, as she did not serve as Clerk during our original OSC audit. However, as we note in Recommendation 8, the Clerk attended multiple trainings relevant to her position during 2024 and 2025. Therefore, she should have been familiar with this

requirement. We also noted there were no policies or procedures implemented after our original OSC audit to direct the Clerk to do so.

Tax collections were not remitted to the Town Supervisor (Supervisor) weekly, as required by Town Law Section 35. Tax collections for January 2025 totaled approximately \$4 million. The first remittance to the Supervisor was on February 4, 2025, in the amount of \$2 million. The second remittance to the Supervisor was on February 15, 2025, in the amount of approximately \$1.1 million. Additionally, two payments for taxes collected totaling \$77,180 were not remitted to the Tompkins County Treasurer (Treasurer) before the 15th of the next month, as required. Lastly, clerk fees collected in January 2025 and due to the Supervisor by February 15, 2025 were not remitted to the Supervisor until March 5, 2025. Delays in remitting collections to the Supervisor and Treasurer could result in money not being available to fund Town and County operations. Furthermore, when collections are not remitted in a timely manner, there is an increased risk that money may be lost or used for inappropriate purposes.

#### **Recommendation 4 – Issue and Retain Duplicate Receipts**

The Clerk should issue and retain duplicate receipts for all collections.

Status of Corrective Action: Not Implemented

Observations/Findings: Although we did not identify any related procedures established after our original OSC audit, the Clerk and Supervisor told us that they thought duplicate receipts were being issued by both Deputy Clerks. However, of the 26 clerk fees collected totaling \$601 in January 2025, 19 (73 percent) totaling \$505 were not issued duplicate receipts. Duplicate receipts should be issued and retained because they help verify collections and ensure that all transactions are recorded and accounted for.

#### **Recommendation 5 – Maintain Records**

The Clerk should maintain records, books and related support, including the duplicate cash receipts and required source documents.

Status of Corrective Action: Not Implemented

Observations/Findings: Although the Clerk stated that she tried to keep detailed documentation, there were no procedural changes implemented after our original OSC audit to address this recommendation. Out of the 26 clerk fees collected in January 2025, 13 (50 percent) totaling \$180 did not have supporting documentation, though all were recorded in the accounting system and reported. The Clerk was unable to provide an explanation for why she did not maintain sufficient records, books and related support. Properly maintained records and supporting documentation provide valuable information to Town officials and taxpayers and help identify and correct errors and irregularities.

## **Recommendation 6 – Detailed Deposit Slips**

The Clerk should ensure deposit slips are detailed enough to identify the deposit's composition and payment purpose.

Status of Corrective Action: Fully Implemented

Observations/Findings: All 26 clerk fees in January 2025 totaling \$601 had deposit slips that were detailed enough to identify the deposit's composition and payment form (i.e., cash or check).

## **Recommendation 7 – Bank Reconciliations and Accountabilities**

The Clerk should prepare monthly bank reconciliations and accountabilities for each account.

Status of Corrective Action: Not Implemented

Observations/Findings: The Clerk did not prepare monthly bank reconciliations or accountabilities<sup>1</sup> for each account. Although the Clerk said she was not aware that she was required to prepare them, as we note in Recommendation 8, the Clerk attended multiple trainings relevant to her position during 2024 and 2025. Therefore, she should have been familiar with these requirements.

The Clerk reconciles the clerk fees checking account monthly. We verified that the clerk account bank reconciliations for March 2024 and February 2025 were properly reconciled. The Clerk told us that she does not reconcile the tax collection checking account but reviews the account online if she needs to know the balance. However, there was no documentation to verify whether a review or reconciliation had been performed or that any discrepancies or inconsistencies were identified and corrected. Performing monthly bank reconciliations helps verify the accuracy of financial records and ensures that assets are sufficient to cover liabilities.

## **Recommendation 8 – Clerk Training**

The Clerk should receive additional formal training on how to perform her duties. Such training can include local officials training provided by OSC.<sup>2</sup>

Status of Corrective Action: Fully Implemented

Observations/Findings: The Clerk attended multiple trainings relevant to her position during 2024 and 2025. The supporting documentation we reviewed indicated the completed trainings were provided by OSC, the New York Association of Towns and the New York State Town Clerks Association (NYSTCA). Additionally, we reviewed documentation that one Deputy Clerk also attended the training offered by NYSTCA.

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<sup>1</sup> Accountabilities compare current assets to current liabilities and verify financial records.

<sup>2</sup> <https://www.osc.ny.gov/local-government/academy>

## Recommendation 9 – Recovery of Funds

The Supervisor should work with the Town’s insurance company to seek recovery of missing funds.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Supervisor told us that officials discussed pursuing recovery of the missing \$1,000. However, the Board ultimately decided not to proceed, citing the time and effort involved and the limited amount that would remain after applying the \$500 deductible and covering any additional recovery-related costs. Our review of the Town’s insurance policy and related documents confirmed that the deductible was \$500.

## Recommendation 10 – Clerk Annual Audit

The Board should conduct an annual audit of the Clerk’s records and reports as required.

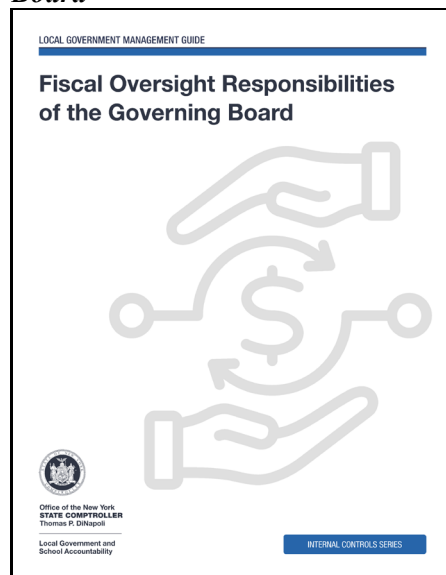
Status of Corrective Action: Partially Implemented

Observations/Findings: We spoke with two Board members who conducted the audit of the Clerk’s records and reports for 2024. These Board members told us they randomly selected four months out of the year to review and that they looked at source documents including: bank statements, canceled check images, accounting reports and other records including abstracts (i.e., listing of claims approved for payment) and invoices. The Clerk sent us the *General Recordkeeping Requirements for the Town Clerk* checklist and the *General Recordkeeping Requirements for Tax Collecting Officers* checklist, both from the OSC Local Government Management Guide (LGMG) “*Fiscal Oversight Responsibilities of the Governing Board*” (Figure 2) pages 26 and 30, respectively.

These checklists were checked off and signed by the two Board members. Although the signatures indicated completion of the Clerk and tax collector audits as required by Town Law Section 123, they could not tell us which months they selected, and they did not keep a record of what information they reviewed so that the audit could be replicated with similar results.

Additionally, as we note in Recommendation 5, supporting documentation was not always adequately maintained and we question the Board’s ability to perform an effective audit. Performing a well-documented annual audit allows the Board to effectively monitor financial operations by identifying errors and irregularities and taking action to address them.

**Figure 2: LGMG: *Fiscal Oversight Responsibilities of the Governing Board***



<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage Town officials to continue their efforts to fully implement our recommended improvements.

Thank you for the courtesy and cooperation extended to our auditors during this review. If you have any further questions, please contact Lucas Armstrong, Chief of Municipal Audits of our Binghamton Regional Office at (607) 721-8306.

Sincerely,

Robin L. Lois, CPA  
Deputy Comptroller