

New York State Comptroller
THOMAS P. DiNAPOLI

Town of Hermon

Town Clerk/Tax Collector

October 2026 | 2026M-93

Prepared by the Division of Local Government and School Accountability



Table of Contents

Audit Results	1
Town Clerk/Tax Collector: Findings and Recommendations	3
Finding 1 – The Clerk’s records did not clearly indicate when individual account collections were deposited.	3
Recommendations	4
Finding 2 – The Clerk did not prepare monthly bank reconciliations or accountability analyses.	4
Recommendations	5
Finding 3 – The Clerk accurately reported and generally remitted tax collections and clerk fees in a timely manner.	5
Appendix A: Profile, Criteria and Resources	6
Profile	6
Criteria	6
Additional Resources	7
Appendix B: Response From Town Officials	8
Appendix C: Audit Methodology and Standards	10

Audit Results

Town of Hermon

Audit Objective

Did the Town of Hermon (Town) Town Clerk/Tax Collector (Clerk) properly record, deposit, remit and report all collections?

Audit Period

January 1, 2025 – March 12, 2026

Understanding the Audit Area

A town clerk (clerk) must accurately record, deposit, remit and report collections within the time frames prescribed in New York State (NYS) Town Law (Town Law) to enable informed decision-making by the town board, prevent theft or misappropriation of funds, comply with legal requirements and maintain public trust. Accurate records maintained in a timely manner are essential for establishing financial accountability and proper financial management, for oversight by the town board, and for protecting public funds.

From January 1 through December 31, 2025, the Clerk collected real property taxes, water and sewer revenues and clerk fees totaling approximately \$1.6 million.

Audit Summary

For the collections we examined, the Clerk generally remitted tax collections and clerk fees to the appropriate parties in a timely manner and properly reported clerk fee collections. However, the Clerk did not properly record and deposit all collections. The Clerk's inadequate collection records and not having a clear audit trail increased the risk that errors or irregularities could occur and remain undetected and that funds could be lost or misappropriated. When collections are not accurately recorded, and there is no clear audit trail from recorded collections to deposits, Town officials cannot be assured that all collections are accounted for and deposited intact as received. In addition, there is an increased risk that customers may not receive the proper credit for payments made and that other errors and irregularities could occur and go undetected and uncorrected.

We tested tax, water and sewer rent and clerk fee collections totaling \$587,148¹ and determined the Clerk generally deposited check collections in a timely manner. However, the Clerk's records were insufficient to determine whether individual cash collections were deposited intact and in a timely manner. Furthermore, the Clerk deposited \$197 less in cash than what was recorded as collected.

The Clerk also did not complete monthly bank reconciliations and accountability analyses comparing cash on hand with known liabilities. We performed an accountability analysis of the Clerk's two bank accounts and identified an unexplained cash surplus of \$923. Without monthly bank reconciliations and accountability analyses, errors, unrecorded receipts and other irregularities could occur and remain undetected and uncorrected. Also, Town officials could have less assurance that public funds are properly accounted for.

The report includes five recommendations that, if implemented, will improve the Clerk's financial records and procedures and help ensure collections are properly recorded, deposited and accounted for. Town officials agreed with our recommendations and have initiated corrective action.

¹ See Appendix C for our audit methodology.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC's) authority as set forth in Article 3 of the NYS General Municipal Law (GML). The audit's methodology and standards are included in Appendix C.

The Town Board (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 OSC within 90 days, pursuant to Section 35 of GML. For more information on preparing and filing the CAP, please refer to the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Board is encouraged to make the CAP available for public review in the Clerk's office.

Town Clerk/Tax Collector: Findings and Recommendations

A clerk should create and retain supporting documentation for each payment received. Receipts and other supporting documentation help ensure that transactions entered into the accounting records are accurate and traceable from the point of collection through bank deposits to monthly reports. The clerk should also deposit collections within three business days after the total collection exceeds \$250. A clerk should prepare and submit a monthly report to the town supervisor for all clerk collections and remit such collections to the town supervisor by the 15th day of the following month.

Clerks, as tax collectors, should deposit all real property taxes collected within 24 hours of receipt and remit amounts collected, including any interest and penalties, to the town supervisor at least once a week. Once the town collects the tax levy in full, tax collections must be remitted to the county treasurer no later than the 15th day of the ensuing month. At the end of the tax collection period, there should be no further activity, and the clerk's tax bank account balance should be zero (unless a nominal amount is needed to keep the account open).

More details on the criteria used in this report, as well as resources OSC makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – The Clerk's records did not clearly indicate when individual account collections were deposited.

To determine whether collections were adequately recorded and deposited in a timely manner, we reviewed \$587,148 in collections, including tax collections totaling \$547,343, water and sewer collections totaling \$36,151 and clerk fees totaling \$3,654.²

The Clerk electronically scanned and remotely deposited checks, money orders and cashier's checks and went to the bank to deposit the cash collections. The Clerk generally deposited the check collections intact and in a timely manner; however, the Clerk incorrectly recorded five check payments totaling \$109 for water and sewer rents. The Clerk told us these errors occurred because the system used to record water and sewer payments was newly implemented, and she was still learning how to enter payments properly.

In addition, the Clerk's records were insufficient to determine whether individual cash collections totaling \$18,363 were deposited intact and in a timely manner. Because the Clerk did not maintain a clear audit trail showing when the individual recorded collections were deposited, we compared total cash collections recorded in the Clerk's records for our sample test periods to total cash deposited in the bank for the periods. In total, we determined the Clerk deposited \$197 less cash than she recorded as collected in the records (Figure 1). The Clerk could not provide a reasonable explanation for this difference.

Figure 1: Differences Between Cash Collections Recorded and Deposited

Type	Cash Recorded	Cash Deposited	Difference
Real Property Tax Collections	\$13,318	\$13,420	\$102
Clerk Fees	582	546	-36
Water and Sewer Collections	4,463	4,200	-263
Total	\$18,363	\$18,166	-\$197

² Ibid

The Clerk had access to the Town's water and sewer bank accounts, and she deposited water and sewer fees collected directly into them to remit the funds to the Supervisor. The Clerk maintained a manual log of water and sewer collections and used it to record collections in the computerized billing system; however, the manual log was incomplete because the Clerk did not consistently document the amounts or forms of payments received. Also, while the Clerk provided the Supervisor with a deposit receipt and a summary of the total water and sewer payments and penalties deposited, she did not provide the corresponding collection reports from the system showing the specific collections included in each deposit. For example, she did not generate and provide the Supervisor with detailed water and sewer collection reports showing the customer's name, payment date, amount paid, form of payment and deposit date. Additionally, the Supervisor did not request or review detailed supporting documentation to help verify that all recorded water and sewer collections were properly deposited.

When collections are not accurately recorded, and there is no clear audit trail from recorded collections to deposits, Town officials cannot be assured that all collections are accounted for and deposited intact as received. In addition, there is an increased risk that customers may not receive the proper credit for payments made and that other errors and irregularities could occur and remain undetected and uncorrected.

Recommendations

The Clerk should:

1. Reconcile recorded collections with the related bank deposits and ensure the records include sufficient detail to show when collections were deposited.
2. Provide the Supervisor with water and sewer collection reports for all deposits made.
3. Obtain training on the water and sewer software system.

Finding 2 – The Clerk did not prepare monthly bank reconciliations or accountability analyses.

During the audit period, the Clerk had two bank accounts – one for clerk fees (fee bank account) and one for tax collections (tax bank account). The Clerk did not prepare monthly bank reconciliations or accountability analyses (comparing cash on hand to known liabilities) for either the fee bank account or tax bank account. As a result, unexplained balances were not identified and resolved in a timely manner.

We prepared bank reconciliations and accountability analyses for both bank accounts and determined that cash on hand and in the bank exceeded known liabilities by a total of \$923. Specifically, the tax bank account balance was \$3,481 as of June 30, 2025. We determined that \$2,750 represented penalties collected; however, neither the Clerk nor available records identified what made up the remaining balance of \$731. The Clerk remitted the full \$3,481 to the Supervisor in August 2025.

We also performed a cash count and prepared an accountability analysis for the fee bank account as of June 4, 2025. Based on the adjusted bank balance, documented cash and checks on hand and known liabilities due to the Supervisor and various State³ agencies, we determined that the Clerk's assets exceeded known liabilities by \$192. The Clerk could not provide a reasonable explanation for the surplus funds.

When monthly bank reconciliations and accountability analyses are not prepared, there is an increased risk that errors, unrecorded receipts or other irregularities could occur and remain undetected or uncorrected. Furthermore, the inability to identify the sources of surplus funds reduces transparency and accountability over public funds.

3 Department of Agriculture and Markets (AGM) and Department of Environmental Conservation (DEC)

Recommendations

The Clerk should:

4. Prepare monthly reconciliations and accountability analyses for each bank account to help ensure errors are detected and corrected in a timely manner.
5. Attempt to identify the source of excess cash in the fee bank account and remit the funds to the appropriate parties. If the funds cannot be identified, they should be remitted to the Supervisor.

Finding 3 – The Clerk accurately reported and generally remitted tax collections and clerk fees in a timely manner.

We reviewed 2025 tax collections totaling approximately \$1.48 million and clerk fees totaling \$3,654. We determined that, except for minor discrepancies we discussed with Town officials, the Clerk generally remitted tax collections and clerk fees to the Supervisor, St. Lawrence County (County), and other State agencies in a timely manner. Additionally, the Clerk submitted a monthly report of all clerk fees collected to the Supervisor by the 15th of the month, as required by Town Law Section 27.

Because our audit testing did not identify any significant deficiencies in the Clerk's remitting process, there were no recommendations as a result of this finding.

Appendix A: Profile, Criteria and Resources

Profile

The Town is located in St. Lawrence County, and it has a population of approximately 1,000 residents. The Town is governed by the elected five-member Board, composed of the Supervisor and four Board members. The Board is responsible for general oversight of Town operations and finances, including overseeing the elected Clerk's financial activities.

The elected Clerk collects fees for a variety of purposes, including licenses, building permits and vital records. The Clerk is also responsible for collecting water fees and sewer charges.

The Clerk also serves as the Town's tax collector and is responsible for collecting real property taxes and remitting collections first to the Supervisor to satisfy the Town's tax warrant, and then to the County Treasurer. The Clerk is responsible for reconciling the tax warrant at the end of the tax collection period to account for all tax collections, adjustments and unpaid taxes. Unpaid taxes are returned to the County Treasurer for collection and enforcement proceedings.

The Town's fiscal year runs from January 1 to December 31.

Criteria

A clerk should properly account for all transactions by promptly and accurately recording the daily amounts collected in a cash receipts journal, depositing collections intact (in the same amount and form – cash or check – as received) and remitting money to the appropriate parties. A clerk should create and retain supporting documentation for each payment received. Receipts and other supporting documentation help ensure that transactions entered into the accounting records are accurate and traceable from the point of collection through bank deposits to monthly reports.

Town Law Section 30 requires the clerk to deposit all money collected no later than the third business day after total collections exceed \$250. In addition, Town Law Section 27 requires clerks to report and remit collections to the town supervisor (supervisor) no later than the 15th day of the month following collections. Clerks must also report and remit collections to certain State agencies⁴ in a timely manner.

Town Law Section 35 requires clerks, as tax collectors, to deposit all real property taxes collected within 24 hours of receipt and remit tax collections, including any interest and penalties, to the supervisor at least once a week. Once the town collects the tax levy in full, tax collections must be remitted to the county treasurer no later than the 15th day of the ensuing month. At the end of the tax collection period, there should be no further activity, and the clerk's tax bank account balance should be zero (unless a nominal amount is needed to keep the account open).

Clerks should prepare monthly bank reconciliations and accountability analyses to compare assets (cash on hand and in the bank) to known liabilities (unremitted collections). Preparing bank reconciliations and accountability analyses enables clerks to verify the accuracy of financial records, identify any recording discrepancies and ensure proper remittances are made to the supervisor and other parties.

⁴ Ibid

Additional Resources

OSC's *Local Government Management Guides*, and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *Information for Town Officials*: https://www.osc.ny.gov/files/local_government/publications/2020/pdf/information-for-town-officials.pdf
- *The Practice of Internal Controls*: https://www.osc.ny.gov/files/local_government/publications/pdf/the-practice-of-internal-controls.pdf
- *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

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From Town Officials

The content below is a reproduced copy of the original response letter issued by Town officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,⁵ and may have included changes to spelling and grammar. The substance of the content was not changed.

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Town of Hermon - Response to Draft Audit Report
Office of the New York State Comptroller
Town Clerk/Tax Collector Audit

Period: January 1, 2025 - March 12, 2026

The Town of Hermon wishes to thank the Office of the State Comptroller and the audit team for their detailed and professional review of the Town Clerk/Tax Collector's operations covering January 1, 2025, through March 12, 2026. We appreciate the time, care, and guidance offered during this process, and we remain committed to strengthening our financial practices for the benefit of our residents.

The Town Board is committed to addressing the findings and recommendations contained in the report and this response is intended to serve as our Corrective Action Plan (CAP) outlining the specific steps we will take to implement the recommendations made by your office. We do not dispute the findings and agree with the recommendations.

- 1. Recommendation: The Clerk should reconcile recorded collections with the related bank deposits and ensure the records include sufficient detail to show when collections were deposited.**

Corrective Action Plan: The Town Clerk requested guidance and instruction on how to correctly reconcile water, sewer, and tax collections with deposits. The Clerk received instructions from your staff while they were at our office. As a result, beginning prior to March 2026, the Clerk began correctly recording all deposits and collections, including notation of the proper form of payment on receipts. She continues to follow this recommended practice.

Implementation Date: March 2026

Responsible Party: Town Clerk

- 2. Recommendation: The Clerk should provide the Supervisor with water and sewer collection reports for all deposits made.**

Corrective Action Plan: Starting in January 2026, the Clerk contacted the billing software company to learn how to run the required report. She has been providing this report to the Supervisor, as well as with Town Board members, at each monthly meeting since then. The report includes detailed information on all water and sewer payments received.

Implementation Date: January 2026

Responsible Party: Town Clerk

⁵ <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

3. Recommendation: The Clerk should obtain training on the water and sewer software system.

Corrective Action Plan: During 2026, the Town Clerk completed training with the water/sewer billing software company to become more familiar with available reports, how partial payments can be accepted and applied, how new users are added, and how additional information is entered into the billing system. As questions arise, the Clerk continues to contact the software company for instruction.

Implementation Date: 2026

Responsible Party: Town Clerk

4. Recommendation: The Clerk should prepare monthly reconciliations and accountability analyses for each bank account to help ensure errors are detected and corrected in a timely manner.

Corrective Action Plan: The Town Clerk requested instructions on how to reconcile her two bank accounts, and this training was completed in September 2026. The Clerk is now providing reconciled bank statements to the Town Board and Supervisor each month for review and audit.

Implementation Date: September 2026

Responsible Party: Town Clerk

5. Recommendation: Attempt to identify the source of excess cash in the fee bank account and remit the funds to the appropriate parties. If the funds cannot be identified, they should be remitted to the Supervisor.

Corrective Action Plan: The Town Clerk resolved this issue in May 2026. The remaining funds were determined to be New York State DECALS revenue for hunting and fishing licenses, as well as building permit fees received between monthly reports.

Implementation Date: May 2026

Responsible Party: Town Clerk

Respectfully submitted,

Cathy L. Race
Town Supervisor, Town of Hermon

Appendix C: Audit Methodology and Standards

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

- We interviewed the Clerk, Deputy Clerk, Supervisor, Board members and other Town officials to gain an understanding of internal controls over collecting, recording, depositing, remitting and reporting funds collected by the Clerk and to determine whether policies and procedures were in place for Clerk operations.
- We conducted a cash count as of June 4, 2025 to establish cash on hand in the Clerk's office. We performed an accountability analysis as of this date to determine whether current assets (cash on hand and on deposit) agreed with current liabilities (collections received but not remitted to the appropriate entities).
- We compared the Clerk's handwritten collection log and supporting documentation including: duplicate pressed-numbered receipts; dog license reports; DEC reports; building permits; registrar applications; deposit compositions, bank statements and canceled check images (obtained directly from the bank) from January 1, 2025 through June 4, 2025 (cash count date), totaling \$3,654, to determine whether all transactions were accurately recorded and deposited intact and in a timely manner. Next, we compared the total recorded activity in the Clerk records for this same period to the monthly reports, bank statements and canceled check images to determine whether the collections were reported and remitted to the Supervisor and State⁶ agencies in a timely manner.
- Tax collections from January 1, 2025 through June 30, 2025 totaled approximately \$1.55 million.⁷ Using our professional judgment, we selected all tax transactions recorded in the tax collection software in February 2025, totaling \$547,343. We traced the transactions to duplicate pressed-numbered receipts (when available), batch collection reports, deposits in the tax bank account and deposit compositions (obtained directly from the bank) to determine whether tax collections were properly recorded and deposited intact and in a timely manner. We selected February 2025 because this was the first month that penalties were assessed.
- For the 2025 tax collection period, we calculated the penalties and surcharges based on the receipt date recorded in the tax collection software. We compared our calculation against the recorded and remitted penalties and surcharges for reasonableness.
- We reviewed the Clerk's 2025 real property tax settlement with the County. We compared the amounts levied from the tax collector's warrant, the remittances to the Supervisor and County Treasurer and the unpaid balances turned over to the County for collections to determine whether the Clerk accurately closed out the tax collection process.
- We reviewed the 2025 tax records, tax account bank statements, canceled check images and settlement report to determine whether tax collections totaling approximately \$1.48 million, including penalties and surcharges, were accurately remitted to the Supervisor and County Treasurer in a timely manner.
- Water and sewer collections from January 1, 2025 through December 31, 2025 totaled \$146,467. Using our professional judgment, we selected the second quarter of water and sewer collections, totaling \$36,151, to determine whether collections were properly recorded and deposited intact and in a timely manner. We selected the second quarter water and sewer collections because our preliminary walk-

⁶ See Supra, Footnote 3.

⁷ Includes \$64,630 remitted by taxpayers directly to the County.

through review during the risk assessment phase of the audit indicated differences between recorded collections and deposits for this period that warranted further testing. We traced check images in the deposit compositions to the collection reports and compared the cash deposited to the cash recorded in the collection reports. We also traced the second quarter water and sewer payments indicated on the Clerk's manual water and sewer payment log to the collections reports to determine whether the records agreed.

- Due to the lack of supporting documentation for cash-related collections, we compared total cash collected and recorded in the Clerk's records during our sample test periods (clerk fees, tax collections and water and sewer payments) to the total deposited in the bank.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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 relevant population size and the sample selected for examination.

Questions?

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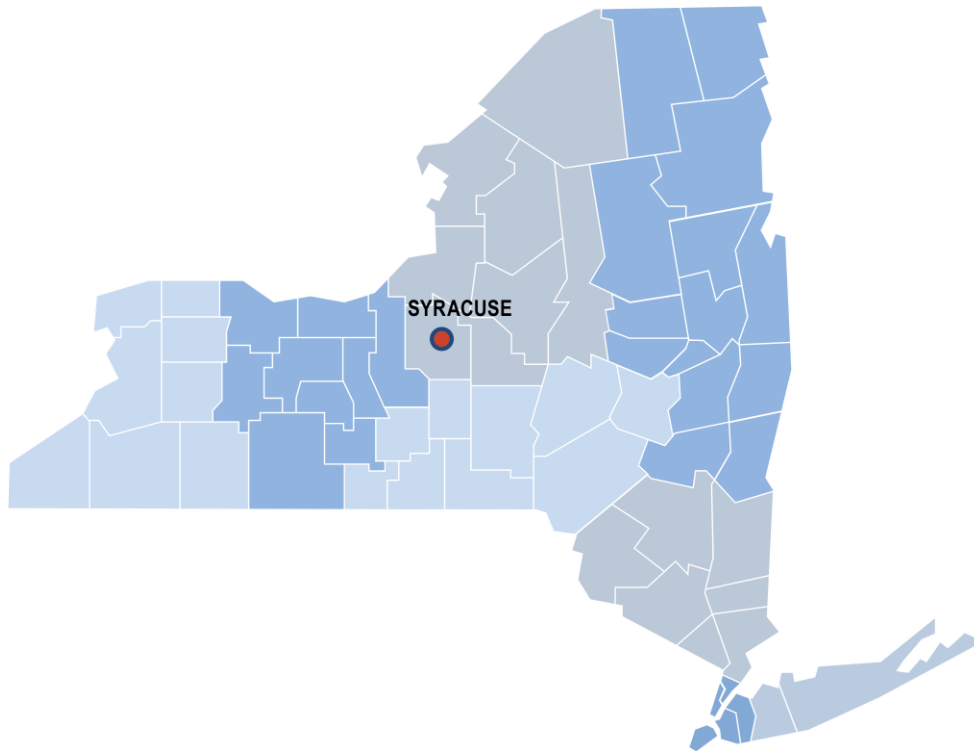
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