

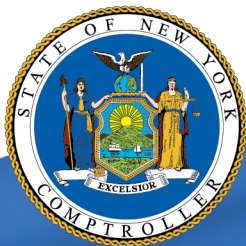
# Town of Webb

## Financial Oversight and Ambulance Services

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NOVEMBER 2018

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OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Report Highlights

## Town of Webb

### Audit Objective

Determine whether the Board:

- Effectively managed financial operations.
- Ensured that ambulance services were provided in accordance with applicable laws.

### Key Findings

- The Board has accumulated excessive fund balances in four operating funds. From 2013 through 2017, unrestricted fund balances increased by nearly 100 to 200 percent.
- The Board has not adequately segregated cash disbursement duties or implemented compensating controls.
- The Board allowed a third-party ambulance company to retain and use all fees collected for ambulance services, which is not authorized by law.<sup>1</sup>

### Key Recommendations

- Develop and adopt budgets with realistic estimates of revenues and expenditures based on historical trends or other known factors.
- Ensure compensating controls are implemented to address the lack of segregation of duties within the disbursement process.
- Ensure that all ambulance service fees collected are remitted to the Town.

Town officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

### Background

The Town of Webb (Town) is located in Herkimer County (County). The Town is governed by an elected five-member Board composed of four council members and a Town Supervisor (Supervisor). The Board is responsible for oversight and general management of financial operations. The Supervisor is the chief financial officer and budget officer and is responsible for day-to-day management under the Board's direction.

The Board provides ambulance services to its residents and visitors on a contractual basis with a third-party ambulance company.

#### Quick Facts

<b>2018 Appropriations</b>	\$8.4 million
<b>2017 Ambulance Expenditures</b>	\$220,000

### Audit Period

January 1, 2017 – March 31, 2018.

We extended the audit period back to January 1, 2013 to analyze financial trends.

<sup>1</sup> New York State General Municipal Law, Section 122-b

# Financial Oversight

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## What is Adequate Oversight of a Town's Financial Condition?

To effectively manage financial condition, the board should adopt realistic and structurally balanced budgets, based on historical or known trends, in which recurring revenues finance recurring expenditures and reasonable levels of fund balance are maintained. Fund balance is the difference between revenues and expenditures accumulated over time.

Town officials can legally set aside or reserve portions of fund balance to finance future costs for a specific purpose and may also appropriate a portion of fund balance to help finance the next year's budget. Sound budgeting practices provide that adopted annual budgets should not routinely appropriate fund balance that will not be used. Any excess funds should be used to benefit taxpayers, which could include, funding one-time expenditures or needed reserves, paying off debt or reducing real property taxes.

The board should also adopt a multiyear financial plan to identify developing revenue and expenditure trends, establish long-term priorities and goals and consider the impact of current budgeting decisions on future years. A fund balance policy, which provides guidance on how fund balance will be used and the appropriate level of fund balance to be maintained in each fund, is an important component of any multiyear financial plan.

## Accumulated Fund Balances Are Excessive

From 2013 through 2017, unrestricted fund balance<sup>2</sup> increased in the four operating funds by nearly 100 to 200 percent, which led to accumulating excessive fund balances in the general, highway, water district and sewer district funds.<sup>3</sup> The Board has not adopted a fund balance policy that addresses reasonable levels of fund balance to be maintained in each fund.

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2 For the purposes of this report, unrestricted fund balance represents total fund balance less amounts appropriated to fund the next year's budget and the portions of fund balance classified as restricted (e.g., reserve funds) and nonspendable (for prepaid expenditures). At the end of 2017, the Town reported capital reserve funds of \$301,566 in the general fund, \$25,487 in the water fund and \$131,767 in the sewer fund.

3 The Town has one water district (Old Forge-Thendara water district) and one sewer district (Old Forge sewer district).

**Figure 1: Unrestricted Fund Balance Year End Analysis**

Fund	2013	2017	Increase from 2013 through 2017	Percentage Change	2018 Appropriations	Unrestricted Fund Balance as a Percentage of 2018 Appropriations
<b>General</b>	\$1,441,692	\$3,092,744	\$1,651,052	115%	\$6,717,556	46%
<b>Highway</b>	\$461,662	\$913,695	\$452,033	98%	\$1,098,284	83%
<b>Sewer</b>	\$214,196	\$460,770	\$246,574	115%	\$292,149	158%
<b>Water</b>	\$146,248	\$436,637	\$290,389	199%	\$272,145	160%

The increases in unrestricted fund balances occurred because the Board used conservative revenue and expenditure estimates in the adopted budgets that resulted in significant operating surpluses in each fund.

**Figure 2: Combined Budget-to-Actual Comparisons and Operating Results by Fund<sup>a</sup>**

	General	Highway	Sewer	Water	Totals
<b>Estimated Revenues</b>	\$16,047,806	\$3,199,333	\$930,290	\$771,023	\$20,948,452
<b>Actual Revenues</b>	\$18,442,517	\$3,510,699	\$963,116	\$866,673	\$23,783,005
<b>Amount Over Budget</b>	\$2,394,711	\$311,366	\$32,826	\$95,650	\$2,834,553
<b>Percentage Over Budget</b>	14.9%	9.7%	3.5%	12.4%	13.5%
<b>Appropriations</b>	\$19,597,806	\$3,489,333	\$930,290	\$771,023	\$24,788,452
<b>Actual Expenditures</b>	\$17,115,839	\$3,054,748	\$742,220	\$660,754	\$21,573,561
<b>Amount Under Budget</b>	\$2,481,967	\$434,585	\$188,070	\$110,269	\$3,214,891
<b>Percentage Under Budget</b>	12.7%	12.5%	20.2%	14.3%	13.0%
<b>Actual Operating Surplus</b>	\$1,326,678	\$455,951	\$220,896	\$205,919	\$2,209,444

<sup>a</sup> For 2015, 2016 and 2017

General Fund – From 2015 through 2017, the Board underestimated revenues by about \$2.4 million, or 15 percent and overestimated expenditures by about \$2.5 million, or 13 percent. As a result, the general fund experienced operating surpluses in 2015 and 2017, and a small operating deficit in 2016, even though the Board adopted budgets with planned operating deficits<sup>4</sup> of at least \$1.15 million each year.

We reviewed budget-to-actual results for 2017 and found the largest revenue variances were for snowmobile permit fees (\$266,091 or 43 percent), sales tax (\$220,555 or 22 percent) and mortgage tax (\$78,119 or 87 percent). The largest expenditure variances were for buildings contractual expenditures (\$100,159 or 38 percent), snowmobile trail contractual expenditures (\$75,100 or 25 percent) and ski area contractual expenditures (\$43,682 or 17 percent).

<sup>4</sup> A planned deficit occurs when a municipality purposely adopts a budget in which expenditures are greater than revenues with the difference to be funded with appropriated fund balance and/or reserve funds.

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Highway Fund – From 2015 through 2017, the Board underestimated revenues by about \$311,400, or 10 percent and overestimated expenditures by \$434,600, or 12 percent. As a result the highway fund experienced operating surpluses in all three years, even though the Board adopted budgets with planned operating deficits of at least \$80,000 each year.

We reviewed budget-to-actual results for 2017 and found the largest revenue variances were for State aid for highway improvements (\$66,179 or 42 percent) and reimbursement for services provided to the County (\$14,308 or 14 percent). The largest expenditure variances were for personal services (\$44,640 or 11 percent) and road repair expenditures (\$22,051 or 29 percent).

Sewer District Fund – While revenue estimates were generally in line with actual revenues from 2015 through 2017, the Board overestimated expenditures during this time by about \$188,000, or 20 percent, which resulted in operating surpluses each year.

We reviewed budget-to-actual results for 2017 and found the largest expenditure variances were for equipment (\$28,257 or 85 percent) and expenditures for waste water treatment and disposal (\$18,458 or 18 percent).

Water District Fund – From 2015 through 2017, the Board underestimated revenues by about \$95,700, or 12 percent and overestimated expenditures by \$110,300, or 14 percent, which resulted in operating surpluses in all three years.

Although revenue estimates were in line with actual revenues for 2017, the Board overestimated expenditures by approximately 24 percent. The largest expenditure variances in 2017 were for administrative contractual expenditures (\$28,013 or 27 percent) and interest on a BAN, which was expected to be paid in 2017 but instead will be paid in 2018 (\$21,875 or 100 percent).

The Supervisor told us that the budget-to-actual variances are primarily attributable to the Board's conservative approach to budgeting. The Supervisor indicated that the Board takes this approach because some of the Town's largest revenues (sales tax, snowmobile permit fees and ski area fees) and expenditures (related to snow removal, snowmobile trail operations and ski operations) are driven by weather, levels of tourism and general economic conditions, which are all outside of the Board's control.

While it is prudent to budget conservatively to protect against unforeseen circumstances, maintaining fund balances at excessive levels may prevent funds that could benefit the Town from being used, thereby placing an unnecessary tax burden on taxpayers.

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## **The Board Has Not Adopted Multiyear Financial and Capital Plans**

Town officials have not developed comprehensive, written multiyear financial and capital plans. Such plans would be a useful tool for the Board to determine future capital needs and how they will be financed, address the use of fund balance and reserve funds and maintain a reasonable level of unrestricted fund balance in each fund. The establishment of multiyear plans would help guide officials as they develop future budgets and provide more transparency to taxpayers of long-term financial and capital goals.

## **How Should Officials Provide Oversight of Cash Disbursements?**

The board is responsible for the oversight of the town's financial activity and establishing internal controls to safeguard resources. This includes properly segregating duties and providing oversight of cash disbursements and payroll processes so that one employee does not control all phases of a transaction, such as preparing checks, recording transactions and reconciling bank accounts. When one person is solely responsible for handling all aspects of a process, it is imperative that the board implement compensating controls, such as providing additional oversight.

A well-designed payroll processing system requires policies and procedures that provide guidance and oversight for employees who process payroll and maintain time and attendance records. Payroll duties should be segregated so that the risk of an employee making errors without being detected can be reduced. Before checks are distributed, payroll registers or similar records should be reviewed and independently certified (signed) to provide oversight of the payroll process and allow town officials to detect unusual or inaccurate payments requiring further investigation before checks are distributed.

New York State Town Law (Town Law)<sup>5</sup> requires the board to conduct an audit of claims (e.g., bills and invoices submitted by vendors) before approving payment by the supervisor. After the claims have been audited and approved by the board, the town clerk should prepare an abstract (list of approved claims) that directs the supervisor to pay the claims. Comparing prepared claim checks to the abstract and comparing prepared net payroll checks to the payroll register can assist in the detection of unauthorized or erroneous checks before they are sent to vendors or distributed to employees.

Disbursements of town money generally must be made by checks signed by the supervisor.<sup>6</sup> Although the board may authorize the supervisor to use a facsimile signature to sign checks, there is no legal authority to use a rubber signature

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<sup>5</sup> New York State Town Law (Town Law), Section 119

<sup>6</sup> Town Law, Section 29

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stamp for this purpose. Furthermore, a signature stamp can be easily replicated or used without authorization, which weakens internal controls over cash disbursements.

## **Officials Did Not Provide Adequate Oversight of Cash Disbursements**

The Board did not adequately segregate cash disbursement duties or implement compensating controls to ensure that one employee does not control all phases of a transaction.

Payroll Disbursements – The bookkeeper’s payroll duties are incompatible because she initiated and authorized all transactions with no oversight. The bookkeeper enters employees’ wages or salaries into the computerized payroll system (system). The bookkeeper uses the time sheets submitted by the departments to enter time worked into the system. She calculates gross wages, deductions and net pay, prints the payroll checks and makes direct deposits via the online banking platform. After printing payroll checks, she obtains the Supervisor’s signature stamp and stamps his signature on all payroll checks. Assigning key duties to the same individual weakens controls and increases the risk that errors and irregularities could occur and go undetected.

Neither the Supervisor nor other officials outside the bookkeeping function reviewed payroll information. Additionally, the Board did not ensure that payroll registers were certified as required by Town Law.<sup>7</sup> Although the Board authorizes employee hiring and approves all salaries and wages, it had no process in place to independently review the payroll process or approve or certify final payrolls before the checks were distributed. Management’s review of payroll documents could help compensate for the lack of segregation of duties and reduce the risk that unauthorized or inappropriate payroll payments could occur without detection.

We reviewed gross salaries and wages paid to 15 employees (including the bookkeeper)<sup>8</sup> during our audit period totaling \$289,267. We determined whether each employee was a valid and active employee and examined all payroll disbursements made to each employee to determine whether the number of payments received was correct. We also reviewed the two largest payments made to these employees to determine whether salaries and pay rates were authorized and hours worked were accurately calculated and paid based on time records. For salaried employees, we totaled all payments made in 2017 and compared these amounts to Board approved salaries. We did not identify any irregularities or deficiencies with the payments tested.

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<sup>7</sup> Town Law, Section 120

<sup>8</sup> See Appendix B for information on our sample methodology.



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Nonpayroll Disbursements - In addition to payroll duties, the bookkeeper performs many financial duties including distributing vendor checks, preparing abstracts, completing bank reconciliations and maintaining the accounting records.

The Board audits and approves claim voucher packets prepared by department heads. After the vouchers are signed and approved by the Board, the packets are given to the bookkeeper. The bookkeeper enters the claim information into the financial software and prints the checks. The bookkeeper then obtains the Supervisor's signature stamp, stamps his signature on the checks and mails the checks to the various vendors and payees. She then prints an abstract of claims for each fund for the Town Clerk, who presents the abstract to the Board at the next regular Board meeting for approval. Once the abstract has been approved, the Town Clerk signs and files it.

The preparation and certification of an abstract by the Town Clerk is intended to provide an effective control over the disbursement process because it provides direction and authorization for the Supervisor to pay the claims. However, this control is absent because the bookkeeper disburses payments without an approved abstract.

Additionally, Town officials did not compare the checks written by the bookkeeper to the claims approved by the Board to determine whether the amounts agree. Further, because the bookkeeper prepares and signs the checks, records the disbursements and reconciles the bank accounts, she has the ability to write unauthorized checks that may go undetected.

We reviewed 75 nonpayroll disbursements totaling \$383,796 to determine whether the payee names and amounts agreed with approved abstracts and claims vouchers, and that these disbursements were adequately supported and for proper purposes. We found that all the disbursements reviewed were appropriate charges and paid to the correct payee at the correct dollar amount.

Online Banking and Transfers – After payroll and nonpayroll transactions are processed, the bookkeeper transfers funds from various bank accounts to the payroll and account payable checking account through the online banking platform to cover the disbursements. She also makes external transfers to outside accounts without any review or confirmation by the Supervisor or another official.

We reviewed all 19 external bank transfers, totaling \$413,572, made during two months within our audit period, to determine whether they were legitimate and properly supported. We also reviewed all banking activity for three months during our audit period to determine whether there was any inappropriate activity.<sup>9</sup> We did not identify any such activity and found that the transfers tested were legitimate and properly supported.

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<sup>9</sup> See Appendix B for information on our sample selection.

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Although our review of disbursements and bank activity did not disclose any errors or irregularities, without adequate controls over disbursements, the risk remains that unauthorized or inappropriate disbursements could be made without detection.

### **What is the Board's Annual Audit Responsibility?**

Town Law<sup>10</sup> requires any officer or employee who received or disbursed money on the town's behalf in the preceding year, to account to the board and provide all supporting records and reports by the 20th of January each year. The board is required to annually audit these records and reports, or may engage the services of a public accountant to conduct the audits, within 60 days of the town's year-end. Such a review is essential to provide oversight of financial operations and may help identify conditions that need improvement.

### **The Board Did Not Annually Audit Records and Reports as Required**

The Board did not audit, or cause an audit of, the records and reports of all officers or departments that received or disbursed money. In July 2017, Town officials hired a certified public accountant to conduct agreed upon procedures to assess internal controls. However, this did not satisfy the annual audit requirement because these procedures did not include assessing the completeness and accuracy of the records and reports of officers or departments that received or disbursed money that year.

The Supervisor told us that the Board only annually audits the Justices' records and reports. We reviewed the audits completed during our audit period and found them to be adequate. However, the Board did not annually audit the other departments that receive or disburse money including the publicity<sup>11</sup> and recreation departments, the ski area and the offices of the Supervisor, Town Clerk, code enforcement and tax collector.

The Supervisor told us that he believed that filing the annual financial report each year with the State Comptroller's office (OSC) satisfied the audit requirement, which is not the case.<sup>12</sup> Without annual audits, the Board's ability to effectively monitor financial operations is diminished and errors or irregularities could occur and remain undetected and uncorrected.

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<sup>10</sup> Town Law, Section 123.

<sup>11</sup> This department collects snowmobile trail permits.

<sup>12</sup> The Supervisor is responsible for preparing and filing an annual financial report with OSC within 90 days after the close of the year to account for all money received and disbursed. Town Law, Section 29 (10)

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## What Do We Recommend?

The Board should:

1. Develop and adopt budgets with realistic estimates of revenues and expenditures based on historical trends or other known factors.
2. Adopt a fund balance policy that establishes reasonable levels of fund balance to be maintained in each fund.
3. Develop a plan to use excess funds in a manner that benefits taxpayers. Such uses include, but are not limited to:
  - Funding one-time expenditures
  - Funding needed reserves
  - Paying off debt
  - Reducing real property taxes
4. Develop comprehensive multiyear financial and capital plans and routinely monitor and update these plans on an ongoing basis.
5. Ensure compensating controls are implemented to address the lack of segregation of duties within the disbursement process.
6. Provide adequate oversight of online banking, transfers and payrolls, including an independent review, approval and certification of payrolls before distributing payroll checks.
7. Initiate annual audits of all departments that receive or disburse money as required by law.<sup>13</sup>

The Supervisor should:

8. Discontinue delegating the check signing authority to the bookkeeper and allowing the use of a rubber stamp to sign checks.
9. Compare claim checks to the abstract certified by the Town Clerk before the release of checks.

The Town Clerk should:

10. Present the abstract of approved claims to the Supervisor to authorize and direct payment of the claims.

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<sup>13</sup> Refer to our publication *Fiscal Oversight Responsibilities of the Governing Board* available at: [www.osc.state.ny.us/localgov/pubs/lmgm/fiscal\\_oversight.pdf](http://www.osc.state.ny.us/localgov/pubs/lmgm/fiscal_oversight.pdf)

# Ambulance Services

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The Town provides ambulance services to its residents and visitors by contracting with a third-party ambulance company (company) to provide the service. Town officials first contracted with the company by a Board approved resolution in 2015, for 2016 and renewed the contract for 2017 and 2018. Officials paid the company a total of \$420,000 for ambulance services in 2017 and 2018.

## **How Should the Town Contract for Ambulance Services?**

New York State General Municipal Law (GML)<sup>14</sup> authorizes the board to provide residents with general ambulance services. Town officials may provide the services through the town or choose to contract the services through a third-party ambulance company. If the board contracts through a third-party, GML<sup>15</sup> requires the board to establish the fee amount charged to individuals.

Ambulance service fees are considered town money. Town boards may provide for the initial collection of fees by a third-party ambulance company through a contract, but all fees collected must be remitted to the town supervisor and may not be retained by the contracting company.

## **Officials Did Not Contract for Ambulance Services in Accordance with GML**

The Board did not establish or approve the fee amounts charged to the individuals who require ambulance services. The company established the various fees charged to individuals based on the type of service received. However, because ambulance fees are considered Town money, the fees charged should be approved by the Board.

In addition, the fees are collected and retained by the company and not remitted to the Town as required by law. While the company may collect these charges, these charges must be remitted to the Town, even if the contract provides that as part of the consideration for providing the service, the company will receive an amount from the Town equal to the charges.

Without Board authorization of fees charged to individuals, the Board cannot determine whether individuals are being charged at the correct rate. Additionally, when the Board does not receive and account for the fees collected, the Board cannot be sure that all fees due are collected.

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<sup>14</sup> New York State General Municipal Law (GML), Section 122-b (1)

<sup>15</sup> GML, Section 122-b (2)

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## **What Do We Recommend?**

The Board should:

11. Establish and approve the fees charged to individuals who require ambulance services.
12. Ensure that the fees collected for ambulance services are remitted to the Town.

# Appendix A: Response From Town Officials

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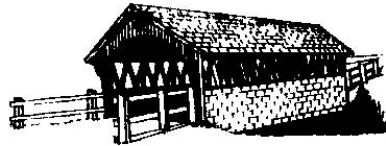
**MICHAEL A. ROSS**  
Councilman

**BARBARA GREEN**  
Councilwoman

**DAVID W. BERKSTRESSER**  
Councilman

**DONALD HAEHL**  
Councilman

## TOWN OF WEBB



**ROBERT A. MOORE, Supervisor**

**NANCI T. RUSSELL**  
Town Clerk

**CASEY CROFUT**  
Highway Superintendent

**KELLY HUNKINS**  
Tax Collector

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
Syracuse Regional Office  
ATTN: Rebecca Wilcox, Chief Examiner  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428

Re: Webb / OSC 2018M - 161

Ms. Wilcox,

This letter is to serve as our response to the draft Report of Examination of the Town of Webb's financial policies and procedures entitled "Financial Oversight and Ambulance Services".

The Town of Webb Supervisor and Town Board have reviewed the draft report and the following summarizes our response;

Regarding your findings and suggestions #1 and #2 pertaining to unexpended fund balances, we are in general agreement that the practice of estimating revenues and expenses in budgets have resulted in higher than recommended fund balances. This was explained as a practice over many decades as a method to minimize budget shortfalls. As both revenues and expenses are reliant on largely unforeseeable factors in our tourist-based, weather-dependent economy, boards have historically taken a conservative approach and we continue to feel this is appropriate. Our tax rate is extremely low relative to other municipalities and our financial standing is very positive. We have consistently been able to stay under the state's tax cap while still being able to absorb expense increases that exceed that rate, such as insurances, facility and infrastructure repairs and upgrades, and appropriate wage adjustments.

In addition to this rationale, there is at least one area that needs clarification and/or explanation. In the last paragraph on page 5, you "reviewed budget-to-actual results for 2017 and found the largest revenue variances were for state aid for highway improvements (\$66,179 or 42 percent)" and there is an explanation. In 2017, there were two unexpected additional highway state aid programs implemented, namely PAVE N. Y. and Extreme Winter Recovery. This accounts for the revenue overage.

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As for the remainder of the "Financial Oversight and Ambulance Services" report, we are in agreement with most other findings and generally find the majority of your recommendations helpful.

In recommendation #3 you suggest we develop a plan to use excess funds in a manner that benefits taxpayers. Our 2019 budget which was just adopted by the board calls for the establishment of two new capital reserve funds: snowmobile trails equipment and highway equipment in addition to the pre-existing reserve funds.

We are open to consideration of the recommended actions in numbers 4 through 7. However, as discussed with the auditors, we are not currently staffed in a manner that would effectuate compliance. We will be considering the addition of a comptroller in the town's future governance structure; however, the budget process for 2019 is complete and will not contain funding for that endeavor.

Regarding #8, the Supervisor has ceased the practice of allowing the bookkeeper to use a rubber stamp in lieu of his signature. The supervisor is now actually signing each check prior to mailing.

Recommendation #9 speaks to the practice of having a triple check on disbursements that we feel has been addressed by the recent modification of our review and approval process. The town clerk reviews and codes all claims following approval of each claim by board members. The bookkeeper then enters the claims and generates a report for the supervisor along with the checks. The supervisor compares each check with the report for accuracy prior to the issuance of the claim checks.

Regarding the Ambulance Services review and recommendations, we plan to confer with legal counsel regarding the collection of fees from the ambulance service. We plan to be more detailed in the forthcoming Corrective Action Plan specific to the entire, Webb / OSC 2018M – 161 Report of Examination.

Respectfully,

Robert A. Moore  
Town Supervisor

## Appendix B: 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. To achieve the audit objective<sup>16</sup> and obtain valid audit evidence, our audit procedures included the following:

### Financial Oversight

- We interviewed Town officials to determine whether the Board adopted a fund balance policy or any other policy that provided guidance for the amount of fund balance that should be carried over each year or any long-term plan that provides for capital expenditures.
- We compared the budget estimates to actual results for 2015 through 2017 and reviewed the adopted budgets to determine whether total budgeted revenues and appropriations were reasonable. We performed an analysis of the operating funds (general, highway, sewer and water) for 2017 to determine which individual revenue and expenditure estimates had the largest budget-to-actual variances and contributed the most to each fund's overall budget-to-actual variance. We interviewed Town officials to identify reasons for any large budget variances.
- We identified the amount of available unrestricted fund balance at year end from 2013 through 2017 for the operating funds and identified trends in available unrestricted fund balances for each fund. We calculated the change from year-to-year end and the total change for each fund. We calculated the percentage of unrestricted balance at the end of 2017 as compared to the ensuing year's budgetary appropriations.
- We interviewed Town officials to obtain an understanding of the various cash disbursement processes including those for payroll, claims payment and online banking and transfers.
- We judgmentally selected 15 of 150 employees, to test payroll payments. Employees selected included the bookkeeper, Supervisor, Board members and employees from each of the Town's largest departments. We met each employee or reviewed time sheets or Board minutes to ensure each employee was a bona fide employee. We examined the two largest gross disbursements to these employees to determine whether salaries and pay rates were authorized and payees were valid and active employees. We traced amounts paid to Board approved salary rates, collective bargaining agreements, and any other supporting documentation to assess if the payments were for the correct amount. We also examined all payroll disbursements made to these employees during our audit period to determine if they received the correct number of payments, and, for salaried employees, whether they received their Board approved salary in 2017.

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<sup>16</sup> We also issued a separate audit report, *Town of Webb – Ski Collections* (2018M-188).



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- We reviewed 75 nonpayroll disbursements from 487 disbursements totaling \$1.7 million made during four randomly selected months (March, April, October and December 2017) to determine whether each disbursement was reviewed and approved by the Board, listed on an abstract and made for an appropriate charge. We judgmentally selected the first 40 disbursements that cleared the bank in March. We also reviewed an additional 35 disbursements paid in April, October and December that we considered high risk (e.g., payments to Board members or the bookkeeper, large dollar payments given the vendor name, unrecognized vendors, credit card payments and purchases from vendors that could be unrelated to operations).
  - We randomly selected three months (April, October and December 2017) and reviewed bank statements for unusual bank activity such as in-person withdrawals, ATM transactions, certified check fees or any other abnormal disbursements for a municipal account. From the three months selected, we randomly selected two months (October and December 2017) and reviewed bank statements and examined all 19 external transfers to determine whether documentation was available to support the necessity of each transfer.
  - We obtained and reviewed the internal control assessment performed by a certified public accountant and annual audit performed by the Board for the Justices to determine whether the Board performed the required annual audit of all departments that receive or disburse money.

#### Ambulance Services

- We interviewed Town officials and ambulance company officials to determine how the Town provides ambulance services to its residents and visitors and calculated the amount paid to provide the service during our audit period. We reviewed Board minutes and resolutions to determine whether the Board took actions relating to the establishment, collection and remittance of ambulance service fees.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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.

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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 Town Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

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

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

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

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf](http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf)

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

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

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)

## 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](mailto:localgov@osc.ny.gov)

[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)

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

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