

Jan E. Nolis

Certified Public Accountant

November 7, 2016

To the Mayor, Steve May
And Trustees of the Village of Owego

I am reporting the status of my engagement to assist the Village of Owego in bringing its books and records up to date so audits can be performed within a reasonable period of time after the fiscal year ends.

The issues at hand are as follows;

There is not adequate separation of duties in the Office of the Clerk Treasurer, and no one to oversee the duties being performed by the employees.

Proper accounting methods are not being used. There are guides available to assist in making proper journal entries in the books and records of the Village and they are not being followed.

The municipal accounting program is not being used properly.

There is no supervision in the office of the Clerk Treasurer. The Clerk Treasurer needs to have the knowledge of the daily workings in the office and be able to provide oversight.

As a result, the clerk treasurer reports are inaccurate, payroll taxes are not paid properly, money is not moved between accounts in a timely fashion, accounts are adjusted improperly, retirement deductions are not paid in a timely fashion, and Community Development loan payments are not accurately recorded, and budgets can not be prepared with the information in the computer program.

For example:

Bank reconciliations are not being prepared in a timely fashion.

A payroll tax deposit was erroneously missed for six months. This cost the taxpayers \$2,600 in penalties. The Clerk Treasurer was unaware of the situation.

More recently (July of 2016) an erroneous transfer was made to New York State from the Trust and Agency account for over \$17,000. The clerk immediately contacted NYS to have the money returned, but in the meantime had to transfer money from the General and Sewer funds to assure checks would clear the bank.

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When asked who keeps track of the CDBG loan payments, the answer was no one. They are recorded when they show up on the bank statement. Amortization schedules are provided to the Village Clerk by the Agency overseeing the funding, but are not adequately maintained, and several schedules show delinquency in payments.

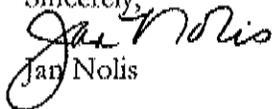
The current bookkeeper for the Village works part time. I have requested numerous documents over the past two months and the information is very slow to return. I initially tried to gather it myself, bank statements, and reports. My requests can take up in excess of a month to be addressed and in some cases not at all. This inhibits my ability to put the books and records together in a timely fashion.

These issues have caused great concern during the prior two audits, as the auditor has pointed out. There is no one in the clerk's office capable of preparing the required financial information, which also contributes to inadequate information necessary for preparation of budgets.

In conclusion, I feel the issues stated are significant and need to be resolved. I need complete access to the books and records in order for me to proceed.

Please also be aware that I have reached the initial limit from my first engagement letter. I will forward a update engagement letter for your review.

Sincerely,


Jan Nolis