



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

**TO THE SUPERVISOR AND MEMBERS  
OF THE TOWN BOARD  
OF THE TOWN OF BEEKMAN,  
DUTCHESS COUNTY, NEW YORK:**

Among my top priorities as the State Comptroller is to maintain a strong partnership between my office and the local governments of New York State. One of the main objectives of this partnership is to assist local governments in improving their financial condition and strengthening their financial management systems.

The audit reports issued by my office are an important component in accomplishing this objective. These reports are expected to be a resource to you. They are designed to identify current and emerging fiscal problems and provide recommendations for improvement.

Prudent fiscal management, sound fiscal policy and a commitment to working together will enable us to serve the taxpayers more effectively by making better use of our limited resources. Toward this end, I look forward to working with your municipality and all other local governments throughout the State.

To make our audit report more useful and understandable, it now includes:

- ◆ Table of contents;
- ◆ Executive summary to highlight recommendations; and
- ◆ Headings that separate Findings and Recommendations.

If my office can be of assistance to you or if you have any questions concerning this audit report, please feel free to contact the local area office for your county listed at the back of this report.

Sincerely,

A handwritten signature in cursive script that reads 'Carl McCall'.

H. Carl McCall

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## EXECUTIVE SUMMARY

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Our examination disclosed findings which should be reviewed by the Town Board for appropriate action. Good management practices require that town officials take prompt action concerning our recommendations. We believe prompt action by town officials will help improve the town's financial condition, protect the town's resources from possible loss or improper use, and ensure its compliance with appropriate statutory requirements. For the ready reference of the reader, the recommendations are summarized in the following section. However, this is not meant to serve as a substitute for reviewing the Findings and Recommendations section of the report, which begins on page 9. Please note that of the thirteen findings in this report, four findings are similar to those contained in our prior Report of Examination issued October 18, 1996.

The Town Board should prepare a plan of action that addresses our recommendations and forward the plan to our office within ninety days. For guidance in preparing the plan of action, you may refer to applicable sections contained in the publication issued by the Office of the State Comptroller entitled *Financial Management Guide for Local Governments*.

We are available to assist you in providing guidance in preparing the plan. The local area office for your county is listed in the back of this report.

## SUMMARY OF RECOMMENDATIONS

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### ● Financial Condition ●

The following recommendations relate to the town's financial condition. Failure to properly implement the recommendations could unnecessarily burden future taxpayers who may not have benefitted from the services currently provided.

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#### **Deficit Fund Balance** *(For Full Discussion See Commentary, Page 9)*

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The Town Board should take the necessary corrective action to eliminate the deficit unreserved fund balance in the Dover Ridge Sewer District fund and to repay the amount owed to the general fund. The Town Board should take more care in budget preparation to ensure that revenues and expenditures are realistically estimated. In addition, the Town Board should institute procedures to monitor the resources of the district to ensure they are sufficient to maintain the district on a self-sustaining basis. Also, the monthly status of the budget should be carefully monitored to ensure that resources will be sufficient to fund appropriations. This may require that steps be taken to restrict expenditures or find new financing sources.



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

Report: 2001M-107  
Filed: July 20, 2001

**AUTHORITY AND SCOPE LETTER**

**TO THE SUPERVISOR AND MEMBERS  
OF THE TOWN BOARD  
OF THE TOWN OF BEEKMAN,  
DUTCHESS COUNTY, NEW YORK:**

Pursuant to the State Constitution, Article V, §1 and further authority vested in the State Comptroller by Article 3 of the General Municipal Law, we have examined the financial affairs of the Town of Beekman.

Our responsibilities are to review the financial condition and fiscal operations of the town in order to identify areas needing improvement and to inform local officials and the public of our findings and recommendations. Consistent with these responsibilities, the objectives of this examination were to identify conditions indicating possible fiscal stress and to test for noncompliance with certain finance related statutory and regulatory provisions as well as guidance of the Office of the State Comptroller. It was not our objective to, and we do not, express an Audit Opinion on the financial statements of the town or provide assurance as to either its internal control structure or the extent of its compliance with statutory and regulatory requirements as well as guidance of the Office of the State Comptroller.

The management of the town is responsible for its financial affairs and for safeguarding its resources. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization and are properly recorded; that appropriate financial reports are prepared; that applicable laws, rules and regulations are observed; and that appropriate corrective action is taken in response to audit findings. Nevertheless, errors, irregularities, or instances of noncompliance may occur and not be detected because of inherent limitations in any internal control structure.

## FINDINGS AND RECOMMENDATIONS

### ● Financial Condition ●

#### **Deficit Fund Balance**

##### ***Finding***

The town's annual financial report for the fiscal year ended December 31, 1999 showed that the Dover Ridge Sewer District had an unreserved deficit fund balance of \$139,594. The town's accounting records for the 2000 fiscal year showed that the sewer district had a deficit fund balance of \$155,298 at December 31, 2000.

The primary cause of the Dover Ridge Sewer District deficit fund balance was operating deficits in the 1997 through 2000 fiscal years. These operating deficits resulted from the failure to generate sufficient revenue to fund expenditures. For example, the accounting records for the 2000 fiscal year showed revenue of \$24,040 and expenditures of \$39,744 resulting in an operating deficit of \$15,704.

In addition, the sewer district experienced cash flow problems. To provide cash to finance sewer district operations the town advanced moneys from the general fund. The town's annual financial report showed that the sewer district owed the general fund \$153,883 at December 31, 1999. This amount increased to \$193,627 at December 31, 2000 and the district did not have sufficient resources for repayment. General Municipal Law, §9-a, provides that a town may temporarily advance moneys held in any fund to any other fund of the town. Such moneys shall be repaid to the fund from which they were advanced as soon as available but in no event later than the close of the fiscal year in which the advance was made. Also, if the advance is between funds of differing tax bases, the repayment shall include interest.

##### ***Recommendation***

**The Town Board should take the necessary corrective action to eliminate the deficit unreserved fund balance in the Dover Ridge Sewer District fund and to repay the amount owed to the general fund. The Town Board should take more care in budget preparation to ensure that revenues and expenditures are realistically estimated. In addition, the Town Board should institute procedures to monitor the resources of the district to ensure they are sufficient to maintain the district on a self-sustaining basis. Also, the monthly status of the budget should be carefully monitored to ensure that resources will be sufficient to fund appropriations. This may require that steps be taken to restrict expenditures or find new financing sources.**