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## Audit finds funds missing in Sherman

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**SHERMAN** – An investigation is under way into roughly \$20,000 in missing deposits in the village of Sherman from July 1, 2012, through Aug. 3, 2016.

The missing money was found during a state Comptroller's Office audit.

According to the audit, the former village treasurer did not deposit more than \$20,000 in recorded property taxes, water, sewer and general fund receipts.

The audit also is critical that the Sherman Village Board and village officials didn't establish adequate written policies and procedures for cash collection in the village of Sherman and that the board did not provide adequate oversight of the treasurer, including annually auditing the former treasurer's records and reports.

"The village of Sherman has been in regular contact with the insurance agencies regarding the situation," Colleen Meeder, village mayor, wrote in a response to Melissa Meyers, chief examiner from the Comptroller's Buffalo regional office. "The village property taxes were the primary area of missing funds. During the period audited by the NYSOSC, the village did not have the tax collector position bonded, and the insurance policy excluded the tax collector from the employee theft coverage under the general criminal policy. However, the village will be making a formal inquiry into the water and sewer funds not deposited."

"The Chautauqua County District Attorney's Office is pursuing an investigation of criminal charges. Bringing charges against the clerk/treasurer involved has been challenging because of COVID delays and the out-of-state residency of the former clerk/treasurer."

Auditors recommended taking appropriate action to recover the missing money, develop written policies and establish procedures for cash receipts and provide adequate oversight and yearly audits of the village treasurer's reports and records.

Auditors found \$8,113 in collection receipts for water and sewer receipts that were recorded on customers' accounts but never deposited in village bank accounts, all collected while the former treasurer was in office. Auditors found another \$12,000 in real property tax collections recorded in the county's system but not deposited or recorded in the village's system.

"This cash shortage of \$20,357 was not detected because the former treasurer controlled all phases of the cash receipt collection process without adequate oversight," auditors wrote.

"The former treasurer had the ability to manipulate records and report only selected items. She printed collection reports with each deposit that included only those receipts that matched the amount of the deposits she had prepared. We also found printed receipts to be in disarray, often misfiled by date or not attached to any deposit information. We were unable to locate the printed receipts (or payment stubs) for three water and sewer receipts totaling \$480 and 11 real property tax receipts totaling \$4,666 recorded in the records."

Auditors noted former village officials and board members hadn't performed audits, which may have detected the money that wasn't deposited.

The audit was less critical of current village officials, noting that the board and mayor are more active in oversight duties and in the midst of creating written cash receipt collection policies and procedures as well as fulfilling annual audit requirements.