



Town of Alden

Town Supervisor

2024M-105 | May 2025

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Report Highlights

Town of Alden

Audit Objective

Determine whether the Town of Alden (Town) Town Supervisor (Supervisor) prepared and maintained complete and accurate accounting records and provided sufficient financial reports to the Town Board (Board).

Key Findings

The former Supervisor did not always follow basic accounting principles by preparing or maintaining complete and accurate accounting records or providing sufficient financial reports to the Board. The Supervisor did not always adhere to basic internal controls that are designed to help ensure funds are safeguarded and accounted for. Because the Board did not receive adequate financial reporting, it was not aware of the Town's financial status and, as a result, adopted unrealistic budgets. Without adequate accounting controls and accurate and timely financial information, the Supervisor and Board cannot make informed financial decisions. The former Supervisor did not:

- Always record collections in a timely manner during 2023, with an average of 40 days between the collection date and the recording date.
- Maintain accurate accounting records or prepare monthly bank reconciliations. As a result, the total cash balance in the 2023 Annual Financial Report (AFR) was overstated by over \$76,000 when compared to the cash balances of the accounting records (book balances). After we engaged the audit, officials completed bank reconciliations that should have been completed in prior years.
- Provide the Board with monthly financial reports as required, resulting in unrealistic budgets being adopted and a significant accumulation of fund balance totaling over \$4 million or 134 percent of the 2023 budget appropriations for those funds.

In addition, the Town contracted with an accounting firm to audit the Supervisor's records, help reconcile the bank accounts and correct accounting errors, but the Board and Supervisor did not implement corrective actions to address the accounting firm's audit recommendations.

Recommendations

The audit report includes seven recommendations to help the Supervisor address the deficiencies in the accounting records and to improve financial reporting to the Board.

Town officials generally agreed with our recommendations and indicated they have initiated corrective action.

Audit Period

January 1, 2021 – May 15, 2024

Background

The Town is located in Erie County with a population of approximately 9,800 residents. Operations are financed primarily by revenues from real property taxes, sales tax, State aid and grants.

The Supervisor is the Town's chief fiscal officer and responsible for maintaining accounting records and preparing financial reports.

During our audit period the Town had three individuals serve as Supervisor: one from the start of the audit period to December 31, 2021; the "former Supervisor" from January 1, 2022 to December 31, 2023; and the "current Supervisor" from January 1, 2024 to the end of our audit period.

Quick Facts

2023 General Town-Wide, General Town-Outside-Village, Highway Town-Outside-Village Funds:	
Appropriations	\$3 million
Fund Balance	\$4 million

Town Supervisor

What Are Complete and Accurate Accounting Records and Sufficient Financial Reports?

Town supervisors are responsible for maintaining financial records that are complete, accurate and timely so the financial reports prepared from the records are relevant and useful for town board (board) members to properly manage town operations. A town supervisor (supervisor) should ensure accounting records provide sufficient supporting documentation such as duplicate pre-numbered receipts and detailed deposit slips and that revenues and expenditures, as budgeted and collected or expended, are recorded in the proper fund. Bank reconciliations should be prepared monthly and any differences between the bank balance and accounting records should be researched, explained and corrected as needed.

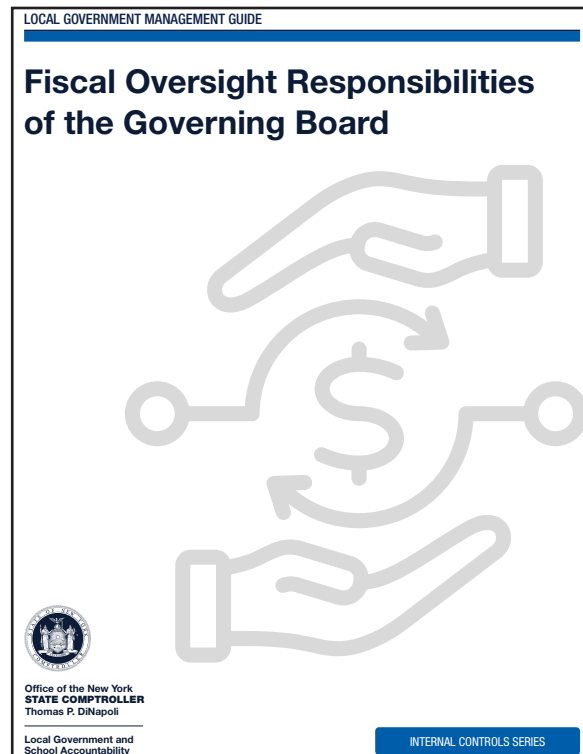
A supervisor can maintain complete, accurate and sufficient accounting records and reports by reviewing and implementing the accounting and financial reporting guidance that is available on the Office of the State Comptroller's web page (Figure 1). The available information is provided to help ensure financial reporting is consistent, accurate and transparent. It also helps towns and other local governments provide clear, comparable information so a board, local officials and other stakeholders can make informed decisions.

If a bookkeeper is appointed to assist a supervisor in fulfilling the financial duties, the supervisor remains responsible for these functions and should provide sufficient oversight to ensure the bookkeeper maintains adequate records, documents financial activity accurately and in a timely manner, provides useful reports to the board, and prepares and files financial reports as required. As part of this oversight, the supervisor should periodically review the accounting records and review monthly bank reconciliations.

The supervisor must provide monthly reports to the board to facilitate timely and prudent financial decisions. These reports should include a detailed statement of all money received and disbursed in the month reported and year-to-date, current cash balances; and both monthly and year-to-date, budget-to-actual comparisons for both revenues and expenditures for each fund. Additionally, pursuant to New York State General Municipal Law Section 30, the supervisor is required to file an AFR with our office, within 90 days of the end of the fiscal year, to report the town's financial position and results of operations. This is an important

FIGURE 1

OSC Publication



Fiscal Responsibilities of the Governing Board

<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

fiscal tool that can provide the board with necessary information to monitor town operations and provide taxpayers and other interested parties with a summary of the town's financial activities.

Additionally, pursuant to New York State Town Law Section 123, the supervisor must also submit all pertinent books and records to the board for audit on or before January 20 for all money received and disbursed during the preceding year. This requirement does not apply if a public accountant is hired prior to January 20 to complete an audit within 60 days after the close of the fiscal year. The annual accounting helps the board fulfill its overall fiscal oversight responsibilities by providing the board with an opportunity to conduct an audit to assess the reliability of the books, records and supporting documents.

The Supervisor Did Not Always Record Collections in a Timely Manner

We reviewed a sample¹ of 200 cash disbursements totaling approximately \$1 million and 64 collections totaling \$950,368. All disbursements and collections were accurately recorded in the accounting records and generally had adequate supporting documentation.² However, we determined that although collections were generally recorded in a timely manner during 2021 and 2022, 11 of the 13 collections we reviewed from 2023, totaling \$292,689, were not recorded in a timely manner, averaging 40 days between the transaction date and the date recorded. One building department collection, totaling \$5,005, was recorded 94 days after the transaction date.

When we discussed the delay in recording transactions in 2023 with the former Supervisor, he stated that this was due to the bookkeeper position being vacant from January through April 2023 and the individual who filled the position temporarily took a long time to record entries. A full-time bookkeeper was hired in April 2023. However, seven of the 13 collections we reviewed that were not recorded in a timely manner occurred after a bookkeeper was hired. In addition, although the Supervisor delegated this job duty to the bookkeeper, it remains the Supervisor's responsibility to provide oversight of the bookkeeper and ensure transactions are recorded in a timely manner. If the bookkeeper position was vacant, the Supervisor should have recorded these transactions. When accounting records are not timely, the financial information is not accurate for Town officials to make financial decisions.

The Supervisor Did Not Maintain Accurate Accounting Records or Prepare Bank Reconciliations

The Supervisor did not always adhere to basic accounting principles and did not maintain accurate accounting records. The bank account cash balances (bank balances) were consistently higher than the recorded book balances. For example, for the three fiscal years, 2021 through 2023, we compared the bank balances for all of the Supervisor's bank accounts as of December 31 to the book balances,

¹ See Appendix C for details of our sampling methodology.

² We identified minor discrepancies which we communicated to Town officials.

and the bank balances were higher than the book balances in all three years by \$211,414 in 2021, \$180,728 in 2022 and \$144,290 in 2023 (Figure 2).

Figure 2: Total Cash Balances

Fiscal Year Ending	Bank Balances	Book Balances	Difference
December 31, 2021	\$5,681,261	\$5,469,847	\$211,414
December 31, 2022	\$6,554,507	\$6,373,779	\$180,728
December 31, 2023	\$7,003,921	\$6,859,631	\$144,290

These variances occurred because the Supervisor did not perform bank reconciliations on any of the six bank accounts from January 2021 through October 2023. After we began our audit fieldwork, the bookkeeper completed the monthly bank reconciliations on five of the bank accounts for 2022 and 2023. The bookkeeper completed the bank reconciliation of the operating funds’ combined checking account³ on January 31, 2024. We reviewed the completed bank reconciliations, and the balances were properly reconciled for four of the six accounts. However, the bookkeeper’s bank reconciliations for both the operating funds’ combined checking and savings accounts identified a significant number of accounting errors and needed corrections to adjust the cash balances in the accounting records. Because bank balances had not been reconciled to book balances in almost three years, bank transfers were recorded in the accounting records but not actually made, which created an accumulated variance between the cash book balance and bank balance in the two accounts totaling \$315,620. Had bank reconciliations been performed in a timely manner, these errors could have been identified and corrections made promptly after the end of each month.

In addition, the Town contracted with an accounting firm to help reconcile the bank accounts and correct the accounting errors. When we asked the former Supervisor why bank reconciliations had not been performed, he told us that he had delegated this responsibility to the former bookkeeper. However, he did not have copies of any bank reconciliations and did not ensure that these bank reconciliations were actually completed. Regardless of whether the Supervisor delegated this responsibility to a bookkeeper, it remains the Supervisor’s responsibility to ensure that these tasks were completed correctly and in a timely manner. In addition, if the bookkeeper position was vacant, the Supervisor should have performed these bank reconciliations and corrected the accounting records.

Furthermore, the Town had the accounting firm perform the annual audit of the Supervisor’s books each year in our audit period. We reviewed the findings and recommendations provided by the accounting firm dated March 24, 2022, for 2021 and June 30, 2023, for 2022.⁴ In both years the accounting firm reported that the Town had not performed bank reconciliations and recommended they complete them and implement policies for preparing bank reconciliations. The audit also included that several account balances were not being appropriately adjusted for the current year’s activity and certain entries were not recorded in the accounting records in a timely manner. The accounting firm recommended developing a year-end checklist to address the reconciliation of accounting records and bank

3 The operating funds’ combined checking and savings accounts included cash for the following funds: general town-wide, general town-outside-village, highway town-outside-village, fire protection, refuse, sewer and water.

4 The 2023 audit had not been completed by the end of our fieldwork.

statements. The Supervisor and Board⁵ did not implement corrective action for these recommendations. As a result, the Town's cash account balances were understated in the accounting records and the Board had inaccurate information to make financial decisions.

The Supervisor Did Not Always Provide Monthly or Annual Reports to the Board

We reviewed Board meeting minutes and determined that Board members only received a monthly list of payments. There was no evidence that any other reports were provided. We were told by the former Supervisor, the two Board members, the bookkeeper and the Town Clerk that the former Supervisor did not provide the Board with any other financial reports. For example, the former Supervisor did not provide the Board with budget-to-actual comparison reports, a summary of cash receipts, bank reconciliations or bank statements. After we discussed the reporting requirements with the former Supervisor in October 2023, he provided the Board with a budget-to-actual report with year-to-date revenues and expenditures for fiscal year 2023 through October 31, 2023.

However, he did not provide a detailed monthly report of all revenues and expenditures, as required by Town Law Section 125. Instead, he only provided the year-to-date totals, at the time of the reporting. The former Supervisor told us that he was unaware he was required to provide reports to the Board members. We also compared the AFR cash balances to the book balances and determined that, as of December 31, there were variances of \$114,307 in 2021, \$37,534 in 2022 and \$76,749 in 2023.

Because the Board did not receive adequate financial reporting, it was not aware of the Town's financial status and, as a result, has adopted unrealistic budgets. These budgeting practices resulted in operating surpluses for the 2021, 2022 and 2023 fiscal years.

We compared estimated revenues and appropriations to actual revenues and expenditures for each of these years and determined that operating surpluses totaled more than \$1.7 million (Figure 3).

Figure 3: Budget-to-Actual Comparison and Calculation of Operating Surplus for the Major Operating Funds^a			
	2021	2022	2023
Budgeted Revenues	\$2,538,350	\$2,714,795	\$2,786,563
Actual Revenues	3,198,385	3,246,548	3,030,692
Underestimated Revenues	\$660,035	\$531,753	\$244,129
Percentage Underestimated	26%	20%	9%
Budgeted Appropriations	\$2,860,471	\$3,039,950	\$3,003,362
Actual Expenditures	2,347,330	2,716,401	2,665,935
Overestimated Appropriations	\$513,141	\$323,549	\$337,427
Percentage Overestimated	18%	11%	11%
Operating Surplus	\$851,055	\$530,147	\$364,757
a Includes general-town-wide, general-town-outside-village and highway town-outside-village funds			

5 During our audit period, the structure of the Board changed; refer to Appendix A for details.

The annual operating surpluses have led to a significant accumulation of fund balance in the general town-wide, general town-outside-village and highway town-outside-village funds.

Fund balance is the difference between revenues and expenditures accumulated over time. Fund balance in each of these funds has increased more than \$1 million (37 percent) over the last three years. Specifically, from the start of 2021 the combined total fund balance in these funds increased from more than \$2.9 million as of January 1, 2021 to approximately \$4 million as of December 31, 2023 or 134 percent of the 2023 budgeted appropriations.

The former Supervisor and current Supervisor both told us that the Board has not adopted a written long-term financial plan or written fund balance policies to establish the levels of fund balance it plans to keep within each fund. While towns are generally not limited to the amount of fund balance they are allowed to retain, the Board should balance the intent for accumulating fund balance with the obligation to help ensure real property taxes are not higher than necessary.

What Do We Recommend?

The Supervisor should:

1. Ensure that all cash collections are recorded when they are received and before preparing monthly reports.
2. Ensure bank reconciliations are prepared and reviewed monthly. If bank reconciliations reveal corrections are needed, ensure corrections are made as soon as possible.
3. Provide the Board with accurate and timely monthly financial reports, including a summary of cash receipts, bank reconciliations, bank statements and budget-to-actual comparison reports.
4. Annually provide sufficient accounting records and supporting documents to the Board for audit on or before January 20 or ensure a public accountant has been hired by January 20 to complete an audit within 60 days after the close of the fiscal year.
5. Ensure that corrective action is taken to address deficiencies identified by the annual audit.
6. Verify and submit an accurate AFR to the Office of the State Comptroller.

The Board should:

7. Adopt a written long-term financial plan and written fund balance policies that establish the amount of fund balance to retain in each Town fund.

Appendix A: Change in Board Structure

Prior to January 1, 2024, an elected three-member Board was the legislative body responsible for overseeing the Town's operations and finances. The Board consisted of the Supervisor and two Council members. After January 1, 2024, pursuant to a voter-approved referendum, the number of Council members on the Board was increased to five members which included the Supervisor and four Council members.

Appendix B: Response From Town Officials



TOWN OF ALDEN

DRAFT RESPONSE TO COMPTROLLER'S REPORT – TOWN OF ALDEN

The recent draft report issued by the Office of the State Comptroller regarding the financial oversight and accounting practices of the Town of Alden contains important findings that warrant acknowledgment, clarification, and contextual understanding. The current administration welcomes the opportunity to respond and set the record straight on several key matters.

1. Budget Balancing and Financial Reform As of the current fiscal year, the Town's books balance precisely—right to the penny. This marks a significant and intentional shift from prior practices and is the direct result of fiscal discipline, enhanced oversight and increased transparency under the current Supervisor. The Town has resolved the confusion that arose during the previous Supervisor's two-year term regarding discrepancies between budgeted and actual expenditures. New financial protocols are now in place to ensure that every dollar is properly tracked and accounted for.

2. Establishment of a Formal Fund Balance Policy The current administration is in the process of drafting and adopting a formal fund balance policy. Such a policy is essential to maintain responsible reserves and will further enhance fiscal transparency and long-term planning. While a fund balance policy was previously adopted in December 2011, the current board has initiated updated discussions and deliberations to ensure the policy aligns with the Town's present and future fiscal goals.

3. Inherited Fiscal Mismanagement and Oversight Failures The Comptroller's report details numerous and repeated failures by the former Supervisor and his Deputy Supervisor to perform basic duties, including:

- Timely recording of collections.
- Regular monthly and annual reporting to the Town Board.
- Maintaining accurate accounting records or performing timely bank reconciliations.

These omissions left the Town Board uninformed, compromised the Town's fiscal position, and ultimately undermined public trust. Despite having outside accounting support, the former administration failed to implement repeated recommendations from professional auditors.

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4. Clarification Regarding Prior Supervisor's Transitional Period The draft report references financial reporting errors that occurred during the closing of 2021 and the opening of 2022 and implies they may have preceded the former Supervisor's term. However, it is critical to clarify that these errors occurred during the first quarter of the former Supervisor's tenure. By statute and accounting practice, year-end reporting for 2021 occurred in early 2022—under his direct supervision. These issues are therefore entirely attributable to the former administration, and not on the administration which preceded it.

5. Corrective Measures and Transparency Going Forward Since January 2024, the current Supervisor has methodically corrected these financial inaccuracies, implemented regular Board reporting, and restored full integrity to the Town's accounts. Under this leadership, Alden's finances have gone from disorganized and incomplete to structured, accountable, and publicly reportable. The office is now fully committed to upholding these standards through continuous oversight, professional development, and adherence to all Comptroller guidance.

Conclusion The Town of Alden is no longer plagued by the chronic mismanagement that defined the previous administration. The current administration is proud to have corrected these long-standing issues and pledges ongoing compliance, transparency, and excellence in municipal financial oversight.

Colleen M. Pautler
Town of Alden Supervisor

Appendix C: Audit Methodology and Standards

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

- We interviewed Board members, the former and current Supervisor and the bookkeeper; reviewed the Board meeting minutes and reviewed policies and procedures to obtain an understanding of the Supervisor's accounting and reporting practices.
- We selected a non-biased judgmental sample of 64 of the Supervisor's collections from January 1, 2021 through September 30, 2023. Using the cash receipts in the general ledger, we selected every 10th collection for 2021, 2022 and 2023. We traced all collections to the accounting records and bank statements to determine whether receipts were recorded accurately and in a timely manner. We also reviewed bank statement transactions and compared them to the accounting records to verify the transactions were complete.
- We selected a non-biased judgmental sample of 200 cash disbursements totaling approximately \$1 million from the period January 1, 2021 through September 30, 2023 (the most recently completed month when the sample was selected). Using the cash disbursements journal, we selected three disbursements each month from 2021 and selected every 10th disbursement from 2022 and 2023. We compared each disbursement to canceled check images and the Board-approved abstract (listing of audited claims) to determine whether they were adequately supported. We also reviewed bank statement transactions and compared them to the accounting records to verify the transactions were complete.
- We compared the bank account cash balances to the accounting records and AFR cash balances at year-end for 2021, 2022 and 2023 to determine whether variances existed and whether bank reconciliations were performed.
- We reviewed 2021, 2022 and 2023 budget-to-actual reports of revenues and expenditures to determine whether the Town adopted realistic budgets each year and to assess fund balance levels of the Town's main operating funds.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our 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 size of the relevant population and the sample selected for examination.

The 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

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 D: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

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

www.osc.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

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