



# Town of Lewis

---

## Records and Reports

**2025M-17 | August 2025**

# Contents

- Audit Results . . . . . 1**
  - Audit Summary . . . . . 1
- Records and Reports Findings and Recommendations. . . . . 3**
  - Finding 1 – The accounting records were not properly maintained. . . . . 3
  - Recommendations . . . . . 5
  - Finding 2 – Bank reconciliations were not prepared for all accounts or properly prepared and reviewed. . . . . 6
  - Recommendation. . . . . 7
  - Finding 3 – The Supervisor did not provide the Board with complete and accurate monthly reports. . . . . 7
  - Recommendation. . . . . 8
  - Finding 4 – The 2023 AFR was not accurate. . . . . 8
  - Recommendation. . . . . 9
  - Finding 5 – The Board did not perform an annual audit of the Supervisor’s records. . . 9
  - Recommendation. . . . . 9
- Appendix A: Profile, Criteria and Resources. . . . . 10**
- Appendix B: Response From Town Officials. . . . . 12**
- Appendix C: OSC Comment on Town’s Response . . . . . 13**
- Appendix D: Audit Methodology and Standards. . . . . 14**

# Audit Results

## Town of Lewis



### Audit Objective

### Audit Period

Did the Town of Lewis (Town) Town Supervisor (Supervisor) maintain complete and accurate accounting records and reports?

January 1, 2023 – November 30, 2024

### Understanding the Program

The Supervisor, as chief fiscal officer, is responsible for receiving, disbursing and retaining custody of Town money, maintaining accounting records and providing financial reports to the Town Board (Board). The Supervisor assigned his duties of maintaining accounting records and preparing financial reports to an appointed Clerk to the Supervisor (Clerk).

The Town's accounting records included three operating funds during the audit period: general fund, highway fund and water district. The Town's budgeted appropriations for 2024 totaled \$589,883 for the general fund, \$480,125 for the highway fund and \$55,049 for the water district.

## Audit Summary

The Supervisor did not maintain complete and accurate accounting records and reports. As a result, the Board lacked reliable records and reports to effectively manage the Town's financial operations.

The Supervisor did not provide oversight of the Clerk's duties related to maintaining the accounting records, which resulted in errors and deficiencies in the Town's accounting records. The errors and deficiencies included, but were not limited to, the following:

- The Clerk did not record \$94,400 in Community Development Block Grant (CDBG) funds received and disbursed in the accounting records.
- We reviewed all 15 asset and liability accounts recorded in the accounting records for the general fund, highway fund and water district as of December 31, 2023 and November 30, 2024, and determined that 12 accounts were overstated by a combined total of \$894,197 and eight accounts were understated by a combined total of \$187,553.
- Expenditures totaling \$50,038 for New York State and Local Employees' Retirement System (NYSERS) contributions and workers' compensation insurance were not properly allocated to each of the operating funds, but instead were all recorded in the general fund.

- 
- We reviewed 15 journal entries recorded during our audit period and determined that four (27 percent) were not properly recorded.

Without reliable accounting records, the Board's ability to manage the Town's financial condition and make sound financial decisions is limited. In addition, the improper allocation of certain employee benefit expenditures related to the water district has caused taxpayer inequities of \$3,753 to occur. The water district has a different tax base than the general fund, therefore the general fund has subsidized the water district's operations. As a result, only taxpayers within the water district benefited from the general fund subsidies.

Bank reconciliations were not prepared for all accounts or properly prepared and reviewed. For 18 of the 45 bank reconciliations (40 percent) we prepared, the adjusted balances did not agree with the general ledger cash or investment balances at month-end. Had the Board ensured bank reconciliations were prepared for all accounts and properly reviewed them, they may have identified and corrected recording errors in the accounting records.

The Supervisor also did not provide the Board with complete and accurate monthly reports during the audit period. For all four of the monthly Supervisor reports we reviewed, the recorded receipts and disbursements and some of the recorded cash and/or investment account balances were not accurate. Without complete and accurate monthly financial reports, the Board cannot exercise adequate oversight of financial operations and be aware of the Town's true financial condition.

The 2023 Annual Financial Report (AFR) was not accurate. For example, the general and highway funds' reported unrestricted fund balances of \$355,698 and \$18,078 were overstated by \$242,040 and \$12,903, respectively. The inaccurate AFR prevented the Board, residents and other interested parties access to reliable financial information to measure the effectiveness of operations and the Town's overall fiscal health.

The Board also did not audit, or contract with an independent public accountant to audit, the Supervisor's records for 2023. Had the Board performed the annual audit, the deficiencies identified during the audit may have been detected and corrected sooner.

The report includes 10 recommendations that, if implemented, will improve the Town's recording and reporting of financial transactions. Town officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

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. Our methodology and standards are included in Appendix D.

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 the New York State 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.

# Records and Reports Findings and Recommendations

---

A town supervisor (supervisor) should maintain financial records that provide a complete and accurate accounting of all financial transactions. If a supervisor assigns these duties to another official (e.g., clerk to the supervisor), the supervisor should provide adequate oversight of the work performed by them because the supervisor is still responsible for the completeness and accuracy of the financial records.

A board should ensure bank and investment account balances are reconciled to general ledger balances monthly. In addition, a supervisor should provide the board with adequate monthly financial reports and the AFR required to be filed with the New York State Office of the State Comptroller (OSC), so the board can effectively manage the town's financial operations. A board should also ensure the required annual audit of a supervisor's records is performed. More details on the criteria used in this report as well as resources we make available to local officials that can help officials improve operations (Figure 4) are included in Appendix A.

## Finding 1 – The accounting records were not properly maintained.

---

The Supervisor did not provide oversight of the Clerk's duties related to maintaining the accounting records. As a result, there were significant deficiencies with the Town's accounting records that were not identified and corrected.

Funds – The Town's accounting records contained assets, liabilities, fund equity, revenues and expenditures for the general fund, highway fund and water district. However, the Clerk did not maintain separate accounting records for the two capital projects that were active during the audit period. One project was for improvements to roads that were financed with bond anticipation notes totaling \$375,000 issued in August 2023. The Clerk incorrectly accounted for financial transactions related to this project in the highway fund. This occurred because the Clerk told us she was not aware that debt issued to finance capital improvements had to be accounted for in the capital projects fund.

The other project was for the purchase of a dump truck totaling \$212,203 in April 2021 that was partially financed with bond anticipation notes totaling \$116,000 issued in December 2020. This project was still active during the audit period because \$38,168 of the bond anticipation notes were outstanding until the balance was paid off in December 2023. The Clerk did not account for the outstanding debt for this project in the 2023 accounting records.

The Town was awarded a CDBG grant totaling \$383,537 in 2022 to be used to provide housing rehabilitation assistance to single-family homeowners and received and disbursed grant funds totaling \$94,400 during the audit period. However, the Clerk did not account for financial transactions related to the CDBG grant in the accounting records during the audit period. The transactions should have been accounted for in a special grant fund. The Clerk told us that because grant funds received were immediately disbursed to a third-party that the Town contracted with to provide grant administration services, she did not think the Town had to account for these financial transactions.

Assets and Liabilities – We reviewed all 15 asset and liability accounts recorded in the accounting records for the general fund, highway fund and water district as of December 31, 2023 and November

---

30, 2024. Twelve accounts (80 percent) for 2023 and eight accounts (53 percent) for 2024 were not accurate. Twelve accounts were overstated by a combined total of \$894,197 and eight accounts were understated by a combined total of \$187,553.

For example, as of December 31, 2023, the general fund had accounts receivable and accounts payable balances that were understated by \$50,853 and \$73,052, respectively. In addition, as of December 31, 2023, the highway fund had a recorded accounts receivable balance of \$197,566 and bond anticipation notes payable balance of \$375,000. However, because these asset and liability balances were related to the capital project for improvements to roads, they should have been recorded in the capital projects fund instead of the highway fund.

The discrepancies with the asset and liability accounts we reviewed primarily occurred because the Clerk did not properly accrue revenues and expenditures at fiscal year-end 2023 or record financial transactions in the accounting records properly.

Revenues and Expenditures – We reviewed 10 revenue accounts<sup>1</sup> recorded in the accounting records for the general fund, highway fund and water district as of December 31, 2023 and November 30, 2024. Two accounts (20 percent) for 2023 and four accounts (40 percent) for 2024 were not accurate. Five accounts were overstated by a combined total of \$327,296 and one account was understated by \$42,676. For example, other culture and recreation income revenues were understated by \$42,676 in 2023 and overstated by \$48,831 in 2024.

We reviewed 10 expenditure accounts<sup>2</sup> recorded in the accounting records for the general fund, highway fund and water district as of December 31, 2023 and November 30, 2024. Four accounts (40 percent) for 2023 and one account (10 percent) for 2024 were not accurate. Three accounts were overstated by a combined total of \$386,368 and two accounts were understated by a combined total of \$69,010. For example, equipment and capital outlay expenditures for machinery were overstated by \$40,029 in 2023 and other economic development contractual expenditures were understated by \$68,000 in 2023.

The discrepancies with the revenue and expenditure accounts we reviewed primarily occurred because the Clerk did not properly accrue revenues and expenditures at fiscal year-end 2023 or record financial transactions in the accounting records properly.

In addition, expenditures for NYSLRS contributions and workers' compensation insurance were not properly allocated to each of the operating funds during the audit period, but instead were all recorded in the general fund. The Clerk told us she recorded the expenditures in this manner because the Board only included appropriations for these expenditures in the general fund in the 2023 and 2024 adopted budgets. The Clerk also did not properly record the actual expenditures incurred by the Town for NYSLRS contributions in 2023 and 2024.

---

<sup>1</sup> Refer to Appendix D for information on our sampling methodology.

<sup>2</sup> Ibid.

As a result, during the audit period, recorded expenditures for NYSLRS contributions and workers' compensation insurance were overstated by \$50,038 in the general fund and understated by \$48,290 in the highway fund and \$3,752 in the water district (Figure 1).

**Figure 1: Allocation of Expenditures for NYSLRS Contributions and Workers' Compensation Insurance**

Fund	As of December 31, 2023			As of November 30, 2024			2023 and 2024
	Amount Recorded	Actual Balance	Overstated (Understated)	Amount Recorded	Actual Balance	Overstated (Understated)	Total Overstated (Understated)
<b>General</b>	\$46,017	\$23,025	\$22,992	\$52,332	\$25,286	\$27,046	\$50,038
<b>Highway</b>	0	22,859	(22,859)	0	25,431	(25,431)	(48,290)
<b>Water District</b>	0	1,724	(1,724)	0	2,028	(2,028)	(3,752)
<b>Totals</b>	<b>\$46,017</b>	<b>\$47,608</b>	<b>(\$1,591)</b>	<b>\$52,332</b>	<b>\$52,745</b>	<b>(\$413)</b>	<b>(\$2,004)</b>

Because the water district has a different tax base than the general fund, the improper allocation of expenditures has resulted in taxpayer inequities because the general fund has subsidized the water district's operations. In addition, while the general and highway funds have the same tax base, the improper allocation of expenditures has resulted in the understatement of the actual costs of the highway fund's operations each year.

Journal Entries – We reviewed 15 journal entries<sup>3</sup> recorded during the audit period and determined that four journal entries (27 percent) were not properly recorded. For example, the Clerk recorded a journal entry in the highway fund at fiscal year-end 2023 for the accrual of \$197,566 in State aid revenues. However, because these revenues were related to the capital project for improvements to roads, the journal entry should have been recorded in the capital projects fund instead of the highway fund. In addition, the Clerk recorded a journal entry in the general fund for the transfer of \$14,528 from an investment account to a bank account with a date of November 14, 2023, or 43 days before the transfer occurred on December 27, 2023. Officials did not identify these recording errors because no one independently reviewed and approved journal entries.

The Supervisor's lack of oversight of the Clerk's duties related to maintaining the accounting records contributed to the Town's accounting records being incomplete, inaccurate and unreliable. Without reliable accounting records, the Board's ability to manage the Town's financial condition and make sound financial decisions is limited. In addition, the improper allocation of certain employee benefit expenditures has caused taxpayer inequities to occur.

## Recommendations

The Supervisor should:

1. Oversee the work performed by the Clerk on his behalf to ensure that the accounting records are complete and accurate.

<sup>3</sup> Ibid.

- 
2. Ensure the accounting records are adjusted to properly reflect the correct account balances.
  3. Ensure journal entries are properly recorded and independently reviewed and approved.

The Board should:

4. Ensure the accounting records include a separate capital projects fund to account for any projects and a special grant fund to account for any CDBG grants.
5. Ensure employee benefit expenditures are allocated to the proper funds.
6. Review the taxpayer inequities identified in this report and ensure the water district properly reimburses the general fund.

## **Finding 2 – Bank reconciliations were not prepared for all accounts or properly prepared and reviewed.**

---

The Clerk did not prepare 29 of the 45 bank reconciliations (64 percent) that should have been prepared for the operating bank and investment accounts open during the four months we selected.<sup>4</sup> This occurred because the Clerk did not prepare bank reconciliations for investment accounts. While the 16 bank reconciliations prepared during our sample months were provided to the Board for their review, they were not accompanied by general ledgers or bank statements to allow the Board the ability to verify that they were properly prepared.

We prepared 45 bank reconciliations for the operating bank and investment accounts that were open during our sample months. The adjusted balances did not agree with the general ledger cash or investment balances at month-end for 18 of the 45 bank reconciliations (40 percent), including 12 of the 16 bank accounts and six of the 29 investment accounts during our sample months. The discrepancies ranged from the adjusted balance exceeding the general ledger balance by \$53,610 to the general ledger balance exceeding the adjusted balance by \$3. These discrepancies primarily occurred because the Supervisor did not ensure that the Clerk recorded financial transactions in the accounting records properly. For example, the Clerk recorded certain accounts payable disbursements in the accounting records in the month before the disbursements were made.

Had the Board ensured bank reconciliations were prepared for all accounts and properly reviewed them, they may have identified and corrected recording errors in the accounting records.

---

<sup>4</sup> Ibid.



---

## Recommendation

---

7. The Board should ensure complete and accurate bank reconciliations are prepared monthly and, along with general ledgers and bank and investment account statements, are independently reviewed and approved.

### Finding 3 – The Supervisor did not provide the Board with complete and accurate monthly reports.

---

For each month during the audit period, the Supervisor provided the Board with a monthly Supervisor report that contained money received and disbursed and reconciled cash and investment balances, and also budget status reports for the operating funds maintained in the accounting records (i.e., general fund, highway fund and water district). However, the monthly Supervisor reports did not contain detail of the money disbursed but instead included the total amount of disbursements by fund. In addition, none of the monthly Supervisor reports provided to the Board included the reconciled cash balance for a money market account that was opened in January 2023 for the CDBG grant, which had either a \$0 or \$19 balance during the audit period.

We reviewed four monthly Supervisor reports<sup>5</sup> during the audit period and determined that none of them were accurate. For example, recorded receipts were understated in the four monthly reports by \$1,846 to \$96,552. In addition, recorded disbursements were overstated by \$30,951 in one report and understated in the other three reports by \$100,408 to \$183,496.

Furthermore, the four monthly reports each contained recorded cash and/or investment balances that were not the reconciled balances. In total, 11 of the 44 recorded cash and investment balances (25 percent) contained in the four monthly reports were not the reconciled balances, including one balance that was overstated by \$56,884 and 10 balances that were understated by \$406 to \$53,336.

The discrepancies with the monthly reports we reviewed resulted for various reasons. For example, the Clerk did not include receipts or disbursements related to the money market account for the CDBG grant or any of the investment accounts in the monthly reports. In addition, the recorded disbursements did not include the disbursements made during the report month, but instead included disbursement amounts for claims that the Board was presented for their audit and approval at the same Board meeting that the monthly report was provided to them. As a result, the monthly reports provided to the Board included disbursements that had not yet been made.

Without complete and accurate monthly financial reports, the Board cannot exercise adequate oversight of financial operations and be aware of the Town's true financial condition.

---

<sup>5</sup> Ibid.

## Recommendation

8. The Supervisor should prepare and provide the Board with accurate monthly reports which include detail of all money received and disbursed during the month and reconciled cash and investment account balances for each fund.

## Finding 4 – The 2023 AFR was not accurate.

We reviewed all 14 asset and liability accounts, 10 revenue accounts<sup>6</sup> and 10 expenditure accounts<sup>7</sup> reported in the 2023 AFR for the general fund, highway fund and water district. Ten of the asset and liability accounts (71 percent), two revenue accounts (20 percent) and four expenditure accounts (40 percent) were not accurate. These discrepancies occurred because inaccurate accounting records were used to report data in the 2023 AFR.

The previously noted errors and deficiencies in the Town's accounting records also resulted in the total fund balances reported in the 2023 AFR for the general fund, highway fund and water district being overstated by \$23,945, \$7,672 and \$1,969, respectively (Figures 2 and 3).

**Figure 2: 2023 AFR Fund Balance – General Fund and Highway Fund**

Fund Balance	General Fund			Highway Fund		
	Amount Reported	Restated Balance	Overstated (Understated)	Amount Reported	Restated Balance	Overstated (Understated)
<b>Nonspendable</b>	\$46,478	\$5,823	\$40,655	\$0	\$5,214	(\$5,214)
<b>Restricted</b>	0	258,750	(258,750)	6,111	6,128	(17)
<b>Assigned Appropriated</b>	30,000	30,000	0	50,000	50,000	0
<b>Unrestricted</b>	355,698	113,658	242,040	18,078	5,175	12,903
<b>Totals</b>	<b>\$432,176</b>	<b>\$408,231</b>	<b>\$23,945</b>	<b>\$74,189</b>	<b>\$66,517</b>	<b>\$7,672</b>

The Clerk also did not properly report the classifications of fund balance in the 2023 AFR. For example, although the general fund had a capital reserve totaling \$224,475 and other restricted fund balance totaling \$34,275 (i.e., occupancy tax funds and donations with restricted uses), no restricted fund balance was reported in the general fund.

**Figure 3: 2023 AFR Fund Balance – Water District**

Fund Balance	Amount Reported	Restated Balance	Overstated (Understated)
<b>Nonspendable</b>	\$0	\$406	(\$406)
<b>Assigned Appropriated</b>	18,650	18,650	0
<b>Unrestricted</b>	172,897	170,522	2,375
<b>Totals</b>	<b>\$191,547</b>	<b>\$189,578</b>	<b>\$1,969</b>

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

---

The reporting errors resulted in the general and highway funds' unrestricted fund balances of \$355,698 and \$18,078 being overstated by \$242,040 and \$12,903, respectively. As a result, the 2023 AFR made it appear that at fiscal year-end 2023, the general and highway funds each had more than three times the actual amounts of unrestricted fund balance (fund balance that can be used to finance any of a fund's operations).

The inaccurate AFR prevented the Board, residents and other interested parties access to reliable financial information to measure the effectiveness of operations and the Town's overall fiscal health.

## Recommendation

---

9. The Board should ensure the financial information presented in the AFR is accurate and supported by the accounting records.

## Finding 5 – The Board did not perform an annual audit of the Supervisor's records.

---

The Supervisor did not provide an annual accounting and the Board did not audit, or contract with an independent public accountant to audit, the Supervisor's records for 2023. The Supervisor and two Council members told us they were unaware of the annual audit requirement. Had the Board performed the annual audit, the deficiencies identified during the audit may have been detected and corrected sooner.

## Recommendation

---

10. The Board should annually audit the Supervisor's records or contract with an independent public accountant to conduct the audit.

# Appendix A: Profile, Criteria and Resources

---

## Profile

---

The Town, located in Essex County, is governed by the elected five-member Board which includes the Supervisor and four Council members. The Board is responsible for general oversight of Town operations and finances. The Town has a population of approximately 1,300 residents.

## Criteria – Records and Reports

---

A supervisor should maintain financial records that provide a complete and accurate accounting of all financial transactions. If a supervisor assigns these duties to another official (e.g., clerk to the supervisor), the supervisor should provide adequate oversight of the work performed by them because the supervisor is still responsible for the completeness and accuracy of the financial records.

The accounting records should document the assets, liabilities, fund equity and results of operations (revenues and expenditures) for each fund. Because capital projects are budgeted on an individual project basis, and legal and contractual requirements may vary from one project to another, officials should establish an individual project fund for each authorized project and maintain corresponding individual accounting records for each. In addition, because some of a town's financial transactions could affect different tax bases, officials must ensure a town's financial activity is recorded in the proper funds to maintain equity among taxpayers. Furthermore, officials should ensure that journal entries recorded in the accounting records are supported, properly recorded and independently reviewed and approved.

Bank reconciliations allow for the timely identification and documentation of differences between a town's accounting records and bank and investment account balances. Bank reconciliations also serve as an internal verification of cash receipt and disbursement transactions. As such, a board should ensure monthly bank reconciliations are prepared for all bank and investment accounts and, along with general ledgers and bank and investment account statements, are independently reviewed and approved.

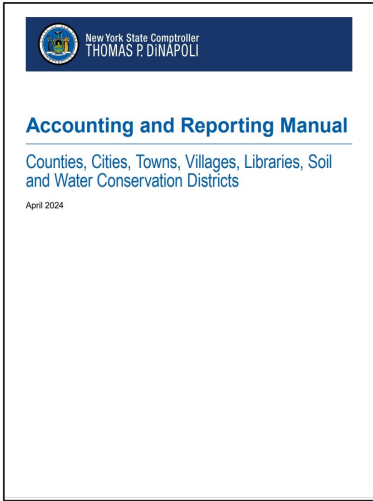
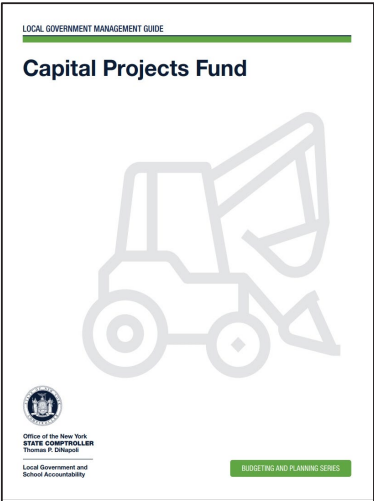
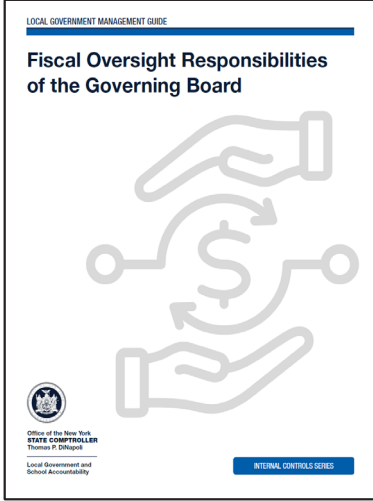
New York State Town Law (Town Law) Section 125 requires, at the end of each month, a supervisor to submit a monthly report to a board detailing all money received and disbursed during the month. The report should also include reconciled cash and investment balances for each fund and comparisons of actual revenues and expenditures to amounts estimated in the annual budget (budget status reports).

New York State General Municipal Law Section 30 requires the supervisor to file an AFR with the OSC within 60 days following the close of the fiscal year and may be approved for a 60-day extension. The annual financial report provides a board, town residents and other interested parties with a town's financial position at a point in time and a complete summary of the financial activities for the fiscal year. As such, a board should have procedures in place to review the report to ensure it is accurate and supported by the accounting records.

Town Law Section 123 requires a supervisor to submit an annual accounting to a board on or before January 20 for all funds received and disbursed during the preceding year and produce all books, records, receipts and canceled checks for inspection by the board, unless a certified public accountant or public accountant has been hired to audit the supervisor's records within 60 days after the close of the fiscal year. The annual accounting helps a board fulfill its overall fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the books, records and supporting documents. It also serves to identify conditions that need improvement and provides useful information to help a board oversee a town's financial operations.

## Additional Records and Reports Resources

**FIGURE 4: OSC Publications**

OSC publications available on our website to help officials understand and perform their responsibilities.		
<i>Accounting and Reporting Manual – Counties, Cities, Towns, Villages, Libraries, Soil and Water Conservation Districts</i>	<i>Local Government Management Guide - Capital Projects Fund</i>	<i>Local Government Management Guide - Fiscal Oversight Responsibilities of the Governing Board</i>
		
<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/arm.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/arm.pdf</a>	<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/capital-projects-fund.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/capital-projects-fund.pdf</a>	<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf</a>

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

# Appendix B: Response From Town Officials

---

## TOWN OF LEWIS

James W. Monty  
Supervisor  
Pamela Williams  
Town Clerk  
Kevin M. Denton  
Highway Supt

P.O. Box 59  
Lewis, New York 12950  
Tel. (518) 873-6777/fax (518)873-2372  
Website: [www.lewisny.com](http://www.lewisny.com)  
E-mail: [Supervisor@lewistownhall.com](mailto:Supervisor@lewistownhall.com)

TOWN COUNCIL  
Stephen Denton Jr.  
Lanita S. Canavan  
Terry Pulsifer Jr.  
John Blades

8 July 2025

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor  
Albany, NY 12236

This letter serves as an official response to the OSC Audit 2025M-17. After reviewing the draft report, the Town Board agrees with the findings and recommendations. We are pleased to know that the OSC audit found no instances of fraud or abuse.

See  
Note 1  
Page 13

This response also includes our corrective action plan as follows:

Finding 1 - The accounting records were not properly maintained. This was corrected during the audit and the clerk has completed adjustments necessary to properly correct all discrepancies. The Supervisor and Town Board will continue to exercise oversight.

Finding 2 - Bank reconciliations were not prepared for all accounts or properly prepared and reviewed. This was corrected during the audit. The Supervisor will review source documents and the Town Board will continue to monitor all bank reconciliations for accuracy and that all accounts are reported and reviewed.

Finding 3 - The Supervisor did not provide the Board with complete and accurate monthly reports. The monthly reports have been modified and now accurately reflect monies received and disbursed along with reconciled cash and investment account balances and transactions.

Finding 4 - The 2023 AFR was not accurate. The previous findings resulted in this finding. Corrections were made and reflect in the 2024 AFR. The Board will ensure AFRs are accurate.

Finding 5 - The Board did not perform an annual audit of the Supervisors records. The Board is now aware of this requirement and will ensure this function is performed in the future.

The Town of Lewis would like to thank the audit team for its professionalism and insights during the audit process. Other recommendations were made during the audit which the Town greatly appreciates and has taken action.

Respectfully,

James W. Monty  
Supervisor, Town of Lewis

# Appendix C: OSC Comment on Town's Response

---

## Note 1

The audit objective focused on whether the Town of Lewis Supervisor maintained complete and accurate accounting records and reports. The audit team assessed the risk of fraud occurring that is significant within the context of this audit objective, as required by generally accepted government auditing standards. Therefore, these audit results cannot be used to conclude there is no fraud, theft or professional misconduct in the Town's operations.

# Appendix D: Audit Methodology and Standards

---

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 officials and reviewed various financial records and reports to gain an understanding of the Town's procedures for maintaining accounting records, preparing bank reconciliations and reporting financial transactions.
- We reviewed the accounting records during the audit period to determine whether separate accounting records including assets, liabilities, fund equity, revenues and expenditures were maintained for each fund. We also determined whether separate funds were maintained for financial transactions that should have been accounted for in another fund maintained in the accounting records.
- We reviewed all asset and liability accounts recorded in the accounting records for the general fund, highway fund and water district as of December 31, 2023 and November 30, 2024 to determine whether they were properly recorded and accurate.
- We used our professional judgment to select a sample of 10 revenue accounts and 10 expenditure accounts recorded in the accounting records for the general fund, highway fund and water district as of December 31, 2023 and November 30, 2024 to determine whether they were accurate and recorded in the proper fund. Our samples of revenues and expenditures each consisted of five general fund accounts, three highway fund accounts and two water district accounts. We selected revenue accounts based on the account balance amounts, and expenditure accounts based on the account balance amounts and included expenditure accounts with various object codes.
- We reviewed expenditures that were incurred for NYSLRS contributions and workers' compensation insurance during the audit period to determine whether they were properly allocated to each of the operating funds.
- We used our professional judgment to select a sample of 15 journal entries that were recorded during the audit period to determine whether they were supported, for appropriate purposes, properly recorded and independently reviewed and approved. Our sample consisted of selecting, without any known bias, journal entries with transaction dates throughout the audit period.
- We used a computerized random number generator to select four months during the audit period (August 2023, October 2023, February 2024 and August 2024) to determine whether monthly bank reconciliations were prepared, agreed with the general ledger cash or investment balances and were independently reviewed. This review consisted of 11 bank and investment accounts for August 2023, October 2023 and February 2024 and 12 bank and investment accounts for August 2024.
- We assessed the adequacy of the monthly financial reports the Supervisor provided to the Board during the audit period.



- 
- We used a computerized random number generator to select four monthly Supervisor reports during the audit period (August 2023, December 2023, February 2024 and September 2024) to determine whether they included all receipts and disbursements for the corresponding month and the cash and investment balances reported were the reconciled balances.
  - We compared all asset and liability accounts and the total revenues and expenditures recorded in the accounting records at fiscal year-end 2023 for the general fund, highway fund and water district to the corresponding balances reported in the 2023 AFR to determine whether they agreed.
  - We reviewed all asset, liability and fund balance accounts and the total fund balances reported in the 2023 AFR for the general fund, highway fund and water district to determine whether they were properly recorded and accurate.
  - We used our professional judgment to select a sample of 10 revenue accounts and 10 expenditure accounts reported in the 2023 AFR for the general fund, highway fund and water district to determine whether they were accurate and recorded in the proper fund. Our samples of revenues and expenditures each consisted of five general fund accounts, three highway fund accounts and two water district accounts. We selected revenue accounts based on the account balance amounts, and expenditure accounts based on the account balance amounts and included expenditure accounts with various object codes.
  - We interviewed officials and reviewed Board meeting minutes to determine whether the Board had audited, or obtained an audit of, the Supervisor's records for the 2023 fiscal year.

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 relevant population size and the sample selected for examination.

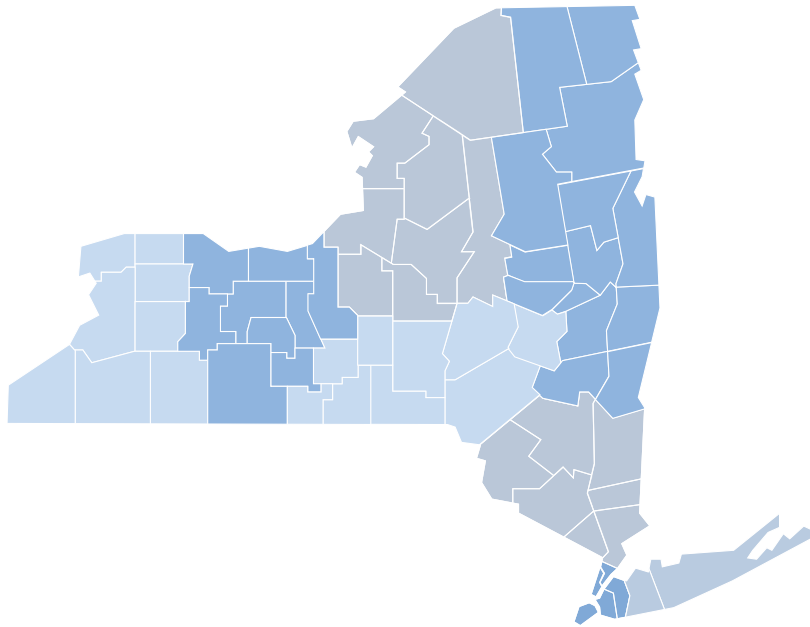
## Contact

**GLENS FALLS REGIONAL OFFICE** – Gary G. Gifford, Chief of Municipal Audits

One Broad Street Plaza • Glens Falls, New York 12801-4396

Tel (518) 793-0057 • Fax (518) 793-5797 • Email: [Muni-GlensFalls@osc.ny.gov](mailto:Muni-GlensFalls@osc.ny.gov)

Serving: Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington counties



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)

<https://www.osc.ny.gov/local-government>

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