

# Town of Lorraine

---

## Town Supervisor's Records and Reports

2025M-47 | August 2025

# Contents

- Audit Results . . . . . 1**
  - Audit Summary . . . . . 1
- Town Supervisor’s Records and Reports Findings and Recommendations. . . . . 3**
  - Finding 1 – The Supervisor did not maintain accurate accounting records or perform proper bank reconciliations. . . . . 3
  - Recommendations . . . . . 5
  - Finding 2 – The Supervisor did not file required AFRs in a timely manner. . . . . 6
  - Recommendations . . . . . 7
- Appendix A: Profile, Criteria and Resources. . . . . 8**
- Appendix B: Response From Town Officials. . . . . 10**
- Appendix C: Audit Methodology and Standards. . . . . 11**

# Audit Results

## Town of Lorraine



Audit Objective	Audit Period
Did the Town of Lorraine (Town) Supervisor (Supervisor) maintain complete, accurate, and up-to-date accounting records and reports to allow the Town Board (Board) to properly manage the Town's financial operations?	January 1, 2023 – November 8, 2024.  We extended our audit period to January 1, 2022 to review certain balance sheet accounts and reviewed the Town's 2020 through 2024 Annual Financial Report (AFR) filings as of June 23, 2025.
Understanding the Program	
<p>The Supervisor, as chief fiscal officer, is responsible for receiving, disbursing and retaining custody of Town money; maintaining complete, accurate and up-to-date accounting records; providing financial reports to the Board and preparing and filing the Town's AFR.</p> <p>As of December 31, 2023, the Town had six bank accounts with combined cash balances totaling \$784,762. The Town's 2024 budgeted appropriations totaled approximately \$1.7 million.</p> <p>It's important for the Supervisor to maintain complete, accurate and up-to-date records and provide the Board with monthly financial reports with reconciled cash balances so the Board can properly and effectively monitor and manage the Town's financial operations throughout the year.</p>	

## Audit Summary

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

The Supervisor did not:

- Identify and resolve discrepancies between recorded cash balances and adjusted bank balances, in part, because she did not perform bank reconciliations in an accurate manner.

As of December 31, 2023, three bank account cash balances totaling \$105,091 were not included in the accounting records and the remaining three bank accounts' adjusted bank balances exceeded the recorded cash balances by \$513,735. We identified about \$440,000 in recordkeeping errors that contributed to this difference between the cash in the bank and the records.

- Provide the Board with monthly balance sheet reports that would have identified an imbalance between the Town's assets and the liabilities and fund balance. The differences were mainly due to recordkeeping errors and revenue and expenditure activity that was not properly closed to fund balance at the end of the 2020 through 2023 fiscal years.
- Comply with New York State General Municipal Law (GML) Section 30, which requires the Supervisor to file the Town's AFR with New York State Office of the State Comptroller (OSC) within 60 days following the fiscal year's end. After we initiated our audit, the Supervisor filed the 2020 through 2023 AFRs; however, the 2024 AFR remained outstanding as of June 23, 2025 (Figure 1).

**Figure 1: AFR Filing Status as of June 23, 2025**

Fiscal Year	Date Filed	Days Late
<b>2020</b>	5/31/2024	1,186
<b>2021</b>	4/8/2025	1,133
<b>2022</b>	4/22/2025	781
<b>2023</b>	5/7/2025	431
<b>2024</b>	Not Filed	112

The lack of accurate monthly and annual financial reports with reconciled cash balances inhibits the Board's ability to properly and effectively monitor and manage the Town's financial operations throughout the year, assess the Town's financial standing at year-end and make informed financial decisions.

The audit report includes 10 recommendations that, if implemented, will improve the Supervisor's records and reports and the Board's oversight of financial operations. Town officials agreed with our recommendations, and their response is included in Appendix B.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of GML. Our methodology and standards are included in Appendix C.

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 GML. 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.

# Town Supervisor's Records and Reports Findings and Recommendations

---

A town supervisor (supervisor) should prepare monthly bank-to-book cash reconciliations to verify that adjusted bank account balances agree with the corresponding cash balances in the financial records. In addition, a supervisor should keep a complete and accurate account of all collections and disbursements using proper accounting procedures and ensure the accounting records and reports accurately reflect the assets, liabilities, fund balance, and results of operations (revenues and expenditures) for each town fund. A supervisor is required by GML Section 30, to file an AFR with OSC within 60 days following the fiscal year's end.

More details on the criteria used in this report, as well as resources/publications we make available to local officials that can help officials improve their financial operations management (Figure 3), are included in Appendix A.

## Finding 1 – The Supervisor did not maintain accurate accounting records or perform proper bank reconciliations.

---

The Supervisor did not identify and resolve discrepancies between the financial records and bank activity, in part, because proper, complete and accurate bank reconciliations were not performed.

The Town has one checking account (referred to by Town officials as a trust and agency TA account) and five savings accounts. The TA checking account is used to disburse payments for payroll and claims for all funds. The Supervisor transfers money from the general and highway fund savings accounts to the TA account.

While the Supervisor identified deposits in transit and outstanding checks to determine the adjusted bank balance for each account, she did not compare or reconcile the adjusted bank balances with the cash balances in the accounting records.

To determine the accuracy of cash balances in the Town's financial records, we prepared bank reconciliations for all six bank accounts as of December 31, 2023. Financial activities related to three of these bank accounts (cemetery, general reserve and highway reserve), which had balances totaling \$105,091, were not included in the accounting records. The Supervisor told us the bank accounts only earned interest and were not regularly used for deposits or disbursement activity, so the accounts were not in the accounting records. However, all cash accounts should be included in the accounting records.

The recorded cash balances for the remaining three bank accounts exceeded the adjusted bank balances by a total of \$513,735. During our audit testing, we identified \$439,774 in various accounting record errors and omissions that contributed to 86 percent of the overstated cash balances in the records. Our testing disclosed the following:

- Payroll-related liabilities (e.g., taxes, insurance and retirement withholdings) were overstated by \$276,561. While these liabilities were paid as part of the regular payroll process, the Supervisor

---

did not make the necessary entries in the financial records to reduce the recorded liability and cash accounts.

- Accounts payables totaling \$148,182 were overstated. This amount includes a \$120,000 down payment for the purchase of a highway department vehicle that was not recorded and \$27,982 for the Town's portion of payroll-related expenditures (\$9,008 in general fund payables and \$18,974 highway fund payables) and \$200 related to other payroll withholding liabilities. We confirmed that these liabilities were paid, but journal entries were not made in the accounting records to reduce the accounts payables and respective cash accounts.
- A payment to reduce a social security tax liability for \$15,031 was recorded with an offsetting decrease to an expenditure instead of a decrease to the corresponding fund cash account.

After adjusting cash balances for the errors identified, the recorded cash balances still exceeded the adjusted bank balances by \$73,961 for the three bank accounts. The Supervisor told us she was unaware of the need to compare an adjusted bank balance to recorded cash in the accounting records, which may have identified the discrepancies.

Due to the discrepancies between recorded cash balances and adjusted bank balances, and to determine whether financial activity was fully accounted for and appropriate, we tested cash collections totaling \$2.3 million and bank transfers totaling \$358,927 to determine whether they were properly recorded and deposited in appropriate bank accounts. We also tested a sample of journal entries that decreased cash, cash disbursements, including the Supervisor's salary payments, and bank withdrawals to determine whether they were recorded and paid as authorized.<sup>1</sup>

Based on our review, all cash collections tested were deposited in full and bank transfers were between Town bank accounts or valid third-party recipients. In addition, journal entries were reasonable, supported and for appropriate purposes; disbursements were paid as authorized; and we did not identify any cash withdrawals or unusual bank activity on the bank statements reviewed. However, the Supervisor did not accurately record all of this activity in the financial records. We identified transactions totaling \$328,419 that were either recorded incorrectly or not recorded at all. Specifically:

- Three fire protection fund expenditures totaling \$148,500 (\$48,500 in 2022, \$49,500 in 2023, and \$50,500 in 2024) were recorded as paid from the general fund cash account instead of the fire protection cash account.
- \$117,501 in highway fund expenditures from July 2022 to April 2024 were recorded as paid from the general fund cash account instead of the highway fund cash account. These expenditures were primarily for fuel purchases.
- A \$50,000 interfund loan on October 13, 2023 from the general fund to the highway fund was not recorded. The highway fund repaid the loan to the general fund on December 14, 2023, which was also not recorded in the accounting records.

---

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

- 
- \$12,418 in real property tax revenue for the fire protection district was incorrectly recorded in the lighting district cash account in 2024.

While these recordkeeping errors and omissions did not impact the overall cash difference between the total adjusted bank balances for all bank accounts and the total recorded cash for all cash accounts described previously, the errors did impact the cash balance accuracy in the individual funds. It is important to maintain accurate cash balances in each fund so Town officials can track available resources and ensure they can meet current and upcoming expenditures for each fund.

Furthermore, as of December 31, 2023, the Town's balance sheet did not balance (assets do not equal liabilities plus fund balance). Reported assets equaled \$1,092,318 and liabilities plus fund balance equaled \$1,582,314 (\$489,996 more than the assets) for all funds combined. This occurred not only because of errors and/or omissions in the accounting records, but also because the Supervisor did not close out the accounting records at the end of each fiscal year. Therefore, the Town's year-end balance sheet for the 2020 through 2023 fiscal years continued to report the fund balance for each fund as of December 31, 2019 because fund balance was not adjusted for revenue and expenditure activity each year.

The Supervisor provides the Board with a budget-to-actual report, a detailed report of collections and disbursements, a bank summary listing ending bank balances, journal entries, bank statements and canceled check images on a monthly and annual basis. While reviewing these records and reports helped the Board provide some oversight of the Supervisor's financial duties, the Board did not receive balance sheet reports showing assets, liabilities and fund balance; or bank reconciliations showing the comparison of adjusted bank balances to recorded cash balances. Had the Board reviewed these reports, it may have helped to identify the overstated liabilities, the unbalanced balance sheets and the differences between the cash recorded in the records and the cash in the bank.

When the Town's records and reports are not accurate and reliable, it inhibits the Board's ability to evaluate the financial position of each fund, to properly and effectively monitor and manage the Town's financial operations throughout the year and to make informed financial decisions.

## Recommendations

---

The Supervisor should:

1. Attend municipal accounting training available through OSC, which can be accessed on our website at: <https://www.osc.ny.gov/local-government/academy/oscs-online-government-accounting-schools>.
2. Ensure bank reconciliations are properly completed and any differences between adjusted bank balances and recorded cash balances are investigated and resolved.
3. Ensure all bank accounts are reflected in the financial records and the errors and omissions in the records that were identified during this audit are corrected.

- 
4. Maintain complete and accurate financial records that properly account for all financial activity.
  5. Provide adequate monthly reports to the Board, including balance sheet reports that accurately display assets (including reconciled cash balances), liabilities and fund balance for each fund.
  6. Ensure the financial records are closed out at the end of each fiscal year.

The Board should:

7. Ensure bank reconciliations are prepared each month and independently reviewed, along with bank statements and canceled check images.
8. Ensure that it receives accurate monthly financial reports, including balance sheet reports, to monitor and manage the Town's financial operations.

## Finding 2 – The Supervisor did not file required AFRs in a timely manner.

---

The Supervisor did not prepare and submit the required AFRs with OSC in a timely manner. After we initiated our audit, the Supervisor filed the 2020 through 2023 AFRs between May 31, 2024 and May 7, 2025 (431 and 1,186 days late) (Figure 2). However, as of June 23, 2025, the 2024 AFR had not been filed and was 112 days late.

**Figure 2: AFR Filing Status as of June 23, 2025**

Fiscal Year	Date Filed	Days Late
<b>2020</b>	5/31/2024	1,186
<b>2021</b>	4/8/2025	1,133
<b>2022</b>	4/22/2025	781
<b>2023</b>	5/7/2025	431
<b>2024</b>	Not Filed	112

The Supervisor told us she was struggling to file the AFRs because the accounting records did not balance and prior to our audit she was unable to identify and correct the errors that might be causing the imbalance.

Failure to file AFRs in a timely manner reduces transparency, preventing the Board, taxpayers, OSC and other stakeholders from accurately assessing the Town's financial standing.



---

## Recommendations

---

9. The Supervisor should file the Town's AFR within 60 days after the fiscal year's end.
10. The Board should ensure the Supervisor submits AFRs to OSC in a timely manner.

# Appendix A: Profile, Criteria and Resources

---

## Profile

---

The Town is located in Jefferson County and has a population of 951 residents. The Town is governed by the elected Board composed of the Supervisor and four Board members, and is responsible for the general oversight of the Town's operations and finances.

The Supervisor, as chief fiscal officer, is responsible for receiving, disbursing and retaining custody of Town money, maintaining accounting records, providing financial reports to the Board and preparing and filing the Town's AFR.

## Criteria – Town Supervisor's Records and Reports

---

To help ensure transactions are accurately recorded, a supervisor should prepare monthly bank-to-book cash reconciliations to verify that adjusted bank account balances agree with the corresponding cash balances in the financial records. An adjusted bank balance is determined by adding deposits in transit and subtracting outstanding checks (and other pending charges) from the bank balance as of a certain date. Any differences identified during the reconciliation process should be promptly investigated and resolved to ensure cash balances are accurate and all financial activity is included and properly recorded in the financial records. A town board (board) or someone independent of the recordkeeping process should review the monthly bank reconciliations, along with bank statements and canceled check images, for anything out of the ordinary, such as suspicious payees.

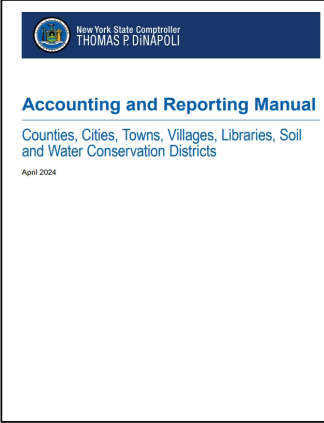
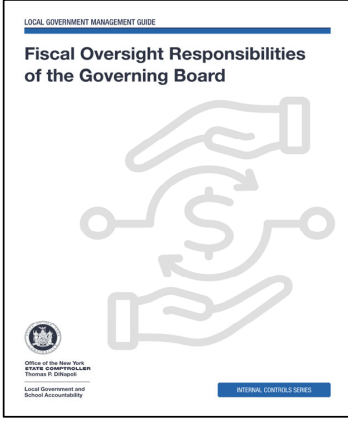
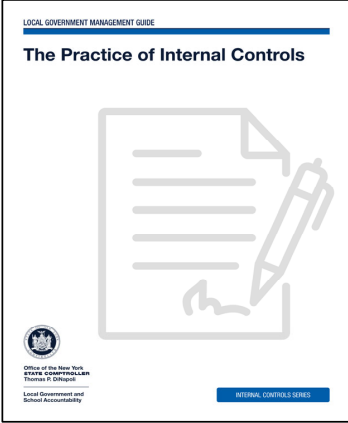

At the end of each month, a detailed statement of all money received and disbursed by the supervisor should be reported to the board. Other reports that could also be submitted monthly to help the board properly manage the town's finances include a comparison of budget estimates to actual revenues and expenditures, a trial balance or balance sheet report that includes assets (e.g., cash), liabilities and fund balance for each fund and special district, and bank reconciliations that compare the adjusted bank balance to recorded cash.

A supervisor is required by GML, Section 30 to file an AFR with OSC within 60 days following the fiscal year's end. The AFR provides a board, town residents and taxpayers, and other interested parties with a town's financial position at a point in time and a complete financial activities summary for the fiscal year.

## Additional Town Supervisor's Records and Reports Resources

**FIGURE 3: OSC Publications**

OSC *Local Government Management Guides* and other information resources are available on our website to help officials understand and perform their responsibilities.

Accounting and Reporting Manual	Fiscal Oversight Responsibilities of the Governing Board	The Practice of Internal Controls
 <p><b>Accounting and Reporting Manual</b> Counties, Cities, Towns, Villages, Libraries, Soil and Water Conservation Districts April 2024</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE <b>Fiscal Oversight Responsibilities of the Governing Board</b> INTERNAL CONTROLS SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE <b>The Practice of Internal Controls</b> INTERNAL CONTROLS SERIES</p>
<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/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>	<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf</a>
Information for Town Officials	Webinar: OSC's Online Government Accounting Schools	
 <p><b>Information for Town Officials</b> January 2024</p>	 <p><b>The Academy</b></p> <p>This multi-day school is designed to familiarize participants with the basic concepts of governmental accounting and give them a working knowledge of basic bookkeeping procedures such as understanding debits and credits, a discussion of the modified accrual system of accounting, the practice of maintaining the books and records, developing and accounting for the annual budget, as well as the year-end closing process.</p>	
<a href="https://www.osc.ny.gov/files/local-government/publications/2020/pdf/information-for-town-officials.pdf">https://www.osc.ny.gov/files/local-government/publications/2020/pdf/information-for-town-officials.pdf</a>	<a href="https://www.osc.ny.gov/local-government/academy/oscs-online-government-accounting-schools">https://www.osc.ny.gov/local-government/academy/oscs-online-government-accounting-schools</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 Lorraine  
20876 County Rte 189  
Lorraine, NY 13659  
Telephone(315) 232-2676

Sandra L. Clark, Supervisor  
Joe Wasilewski, Highway Superintendent  
Sarah Edington, Town Clerk/Tax Collector

Town Board Members: David Johnson, Rachel Shelmidine-Pitkin, Lester Hobbs,  
Gordon Hutton


July 23, 2025

Office of NY State Comptroller  
Syracuse Regional Office  
State Office Building, Room 409  
333 E Washington Street  
Syracuse, NY 13202-1428  
Email: [Muni-Syracuse@osc.ny.gov](mailto:Muni-Syracuse@osc.ny.gov)

Dear Sir/Madam.

The Town Board and I have reviewed the initial audit results for the period of January 1, 2023 – November 8, 2024 and we do not contest the findings. Our corrective action plan will be submitted in a timely manner once we receive and review the final report.

Sincerely,

  
Sandra L. Clark  
Supervisor

# Appendix C: 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 understand the Town's procedures for maintaining the accounting records and preparing bank reconciliations, the reports provided to the Board, and the Board's oversight of financial operations.
- We assessed the accuracy of bank reconciliations for the Town's six bank accounts as of December 31, 2023. We also prepared bank reconciliations as of the same date to determine whether cash balances in the financial records were accurate and agreed with adjusted bank balances.
- We reviewed the accuracy of recorded liabilities totaling \$426,747 as of December 31, 2023. For the period from January 1, 2022 through December 31, 2023, we compared payments on bank statements and other supporting documentation with the general ledger liability accounts to determine whether the payments were properly recorded.
- Using our professional judgment, we selected the largest revenue sources totaling approximately \$2.3 million to determine whether cash received was properly recorded and deposited. Our testing included payments from New York State and Jefferson County totaling approximately \$1.4 million received from January 1, 2023 through April 30, 2024 and real property tax payments totaling \$963,757 received in the 2023 and 2024 tax collection periods.
- Using our professional judgment, we tested 28 bank transfers totaling \$358,927 made by the Supervisor during December 2023 and February 2024, to determine whether they were properly recorded and went to another Town account or an appropriate third-party recipient. These months were selected with no expectations of more or fewer exceptions and/or errors than in other months. We also reviewed all bank statements from January 2023 through April 2024 for any cash withdrawals or other unusual bank activity.
- We reviewed detailed general ledgers for all cash accounts and used our professional judgment to select 20 journal entries decreasing cash, totaling \$212,262 from January 2023 through April 2024 to determine whether they were reasonable, supported, for appropriate purposes and properly recorded.
- We selected 152 non-payroll and payroll disbursements totaling \$474,040 to determine whether they were properly recorded and paid as authorized. Using our professional judgment, we selected the following sample:
  - The two highest non-payroll disbursements months (August 2023 and February 2024) from January 2023 through April 2024 totaling \$391,791. These months were selected with no expectation of greater or lesser findings than in any other months of our testing period.

- 
- 25 higher risk non-payroll disbursements totaling \$10,262, including payments to unknown vendors, payments for rounded dollar amounts, and payments for utility bills and credit cards.
  - Non-payroll disbursements totaling approximately \$4,520 that were paid to officials and employees between January 2023 and April 2024.
  - 38 payroll disbursements totaling \$67,467 in December 2023 and January 2024.
  - We reviewed the salary paid to the Supervisor to determine whether the amounts recorded and paid were in accordance with Board authorization for the 2023 fiscal year and from January through April 2024.
  - We obtained the Town's 2020, 2021, 2022, 2023 and 2024 AFR filing status to determine whether the reports were submitted within the required deadlines.

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.

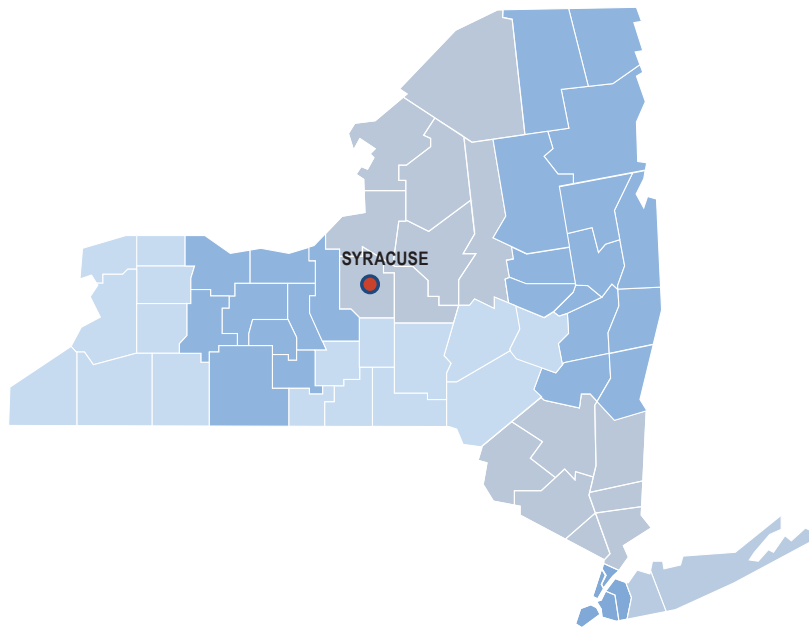
## Contact

**SYRACUSE REGIONAL OFFICE** – Rebecca Wilcox, Chief of Municipal Audits

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel (315) 428-4192 • Fax (315) 426-2119 • Email: [Muni-Syracuse@osc.ny.gov](mailto:Muni-Syracuse@osc.ny.gov)

Serving: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence 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