

# Town of Butternuts

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## Transparency of Fiscal Activities

S9-25-24 | May 2026

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# Audit Results

## Town of Butternuts



### Audit Objective

Did the Town of Butternuts (Town) Board (Board) conduct or provide for an annual audit of the Town Supervisor's (Supervisor) financial records and reports, and did the Supervisor file the Annual Financial Report (AFR) with the Office of the State Comptroller (OSC) as required?

### Audit Period

January 1, 2024 – May 1, 2025  
  
We extended our observation of annual AFR filings forward to November 28, 2025, and back to fiscal year 2019.

### Understanding the Audit Area

To help promote transparency, a town board should conduct a thorough and sufficiently detailed audit of the town supervisor's records to determine whether the accounting records are properly maintained, as well as that reports are complete and accurate. Furthermore, in light of a town board's responsibility to oversee the general management and control of the town's finances, the town board should also help ensure that the town supervisor annually prepares, files and makes the AFR available to the public.

With a population of 1,665, Town officials budgeted a total of \$2.3 million for the general fund and highway fund appropriations in fiscal year 2024 and provided essential services to the public, such as general government support, street maintenance and improvement, snow removal and fire protection.

## Audit Summary

The Board conducted an audit of the Supervisor's financial records and reports for fiscal year 2024 through an Audit Committee, not by the entire Board as required. The Audit Committee did not:

- Maintain supporting documentation to show the extent of the work performed or the results of the audit.
- Identify that certain records maintained by the Supervisor were not complete, accurate and reliable.

In addition, as shown in Figure 1, the Supervisor did not prepare and file the 2020 through 2024 AFRs with OSC, as required by NYS General Municipal Law (GML) Section 30. Furthermore, the Supervisor did not provide the Board with complete, accurate and reliable monthly financial reports.

Had the Board received complete, accurate and reliable monthly reports and conducted a thorough annual audit of the Supervisor’s books, records and documents, the Board may have identified and potentially helped remedy these issues. Without complete, accurate and reliable financial information, the Board cannot effectively monitor the Town’s financial position and available fund balance to make informed decisions. Because the Board and Supervisor did not fulfill their statutory responsibilities, transparency of the Town’s fiscal condition was diminished as Town residents, taxpayers, OSC and other interested parties did not have access to the Town’s current fiscal activities.

Based on our review of the Supervisor’s records, we determined that the Supervisor did not:

- Record the dates of when he collected payments received in the mail. Therefore, we were unable to determine whether the Supervisor made deposits in a timely manner after collection. This increases the risk that Town funds could be lost, stolen or misappropriated.
- Document that he performed bank reconciliations, which undermined the Board’s ability to oversee the Town’s financial operations and safeguard Town resources.
- Provide the Board with accurate and reliable balance sheet reports, hindering its ability to monitor the Town’s financial affairs throughout the year.

This report includes eight recommendations that, if implemented, will improve the Town’s financial reporting and help the Board and Supervisor improve the transparency of their fiscal activities. Town officials disagreed with certain aspects of our findings and recommendations, but indicated they planned to implement some corrective action. Their response is included in appendix B. Appendix C includes our comments on issues raised in the Town’s response.

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 GML. 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 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 (Clerk’s) office.

**Figure 1: AFR Filing Status as of November 28, 2025**

Fiscal Year	Date Filed	Days Late
2019	August 11, 2020	162
2020	Not Filed	1,732
2021	Not Filed	1,367
2022	Not Filed	1,002
2023	Not Filed	636
2024	Not Filed	271

# Transparency of Fiscal Activities: Findings and Recommendations

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Towns are governed by an elected town board, composed of a fixed number of elected board members and a town supervisor. A town board is generally responsible for overseeing a town's financial operations and the safeguarding of town resources. With certain exceptions,<sup>1</sup> a town board is required by Town Law to annually audit the town supervisor's books and records. The town supervisor, a town board member, may not annually audit their own books and records. Pursuant to GML, the town supervisor is responsible for preparing and filing with OSC, as well as making available to the public, an annual report of the town's financial position, known as the AFR. Furthermore, pursuant to GML and Town Law, towns are required to notify and make financial information available to the public by posting the AFR on the town's website, and through notice in the local newspaper of available financial information.

More details on the criteria used in this report, as well as additional resources including a checklist and OSC guidance on conducting an annual audit excerpted from our *Local Government Management Guide* (LGMG) publication *Fiscal Oversight Responsibilities of the Governing Board*, are included in Appendix A.

## Finding 1 – The Board's annual audit of the Supervisor's records and reports did not identify incomplete records and financial reporting issues.

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The Board conducted an audit of the Supervisor's records and reports for fiscal year 2024 through an Audit Committee, which was composed of one Board member. Although the Board has the authority to establish a one-Board member audit committee, the Board remains responsible for and must carry out the annual audit function itself.<sup>2</sup>

The Board member conducted an audit of the records in February 2024, then conducted another audit of the records in May 2025, using checklists from OSC guidance available to, and for, town boards.<sup>3</sup> However, although the Board member maintained the checklists, he did not maintain any detailed supporting documentation to show the extent of the work performed such as specific transactions reviewed or samples of records or reports selected.

The Board member told us in conducting the audits he:

- Reviewed recent financial transactions on the date of each audit. However, the checklist suggests comparing a sample of transactions to supporting documentation.

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1 The provisions of Town Law requiring the annual accounting with and submission of books and records to the town board does not apply to towns that, prior to January 20th, have engaged the services of a certified public accountant or public accountant to make an annual audit to be completed within 60 days after the close of the town's fiscal year. Also, in the case of a town having a comptroller, the accounting by the officers and employees who received or disbursed any funds in the previous fiscal year would be with the town comptroller, who would also be responsible for examining the accounts of those officers and employees.

2 A town supervisor, who is also a town board member, may not annually audit his/her own books and records.

3 This checklist is included in Appendix A for Additional Resources – General Recordkeeping and CFO Checklist.

- Met with the Supervisor to answer the checklist questions and review recent cash receipt and disbursement transactions and related source documents.
- Did not perform additional testing because the Board conducted a monthly review of disbursements.

We reviewed the Supervisor’s fiscal year 2024 records and reports using the same guidance OSC developed to help local officials fulfill their audit responsibilities pursuant to Town Law. This guidance is published in our *LGMG – Fiscal Oversight Responsibilities of the Governing Board* (Figure 2) and is readily available on our website.

Based on our review of the Supervisor’s records, we determined that the Supervisor did not:

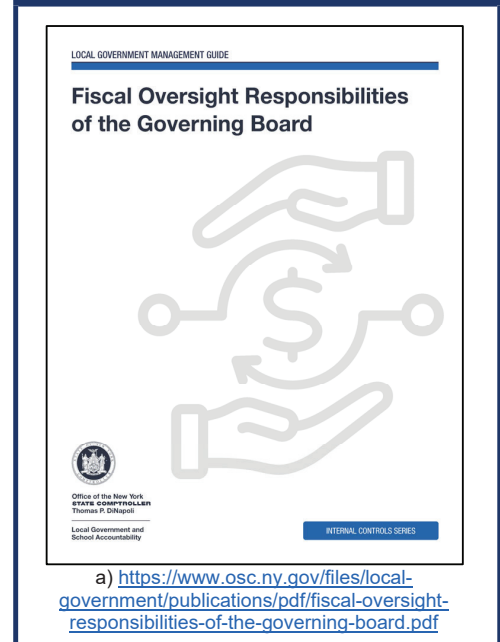
- Record the dates when he collected cash receipts received by mail. As a result, the Supervisor may not have deposited all cash receipts and remittances intact and in a timely manner, or matched them to the payment source or purpose.
- Properly document his review of bank reconciliations or maintain reliable or accurate balance sheet reports. As a result, the Supervisor did not maintain complete, accurate and reliable financial accounting records.

Below are examples of issues we identified that, had the Board as a whole conducted a thorough annual audit of the Supervisor’s books and records, it may have identified, and potentially helped remedy:

Cash Receipts – The Supervisor did not maintain records documenting receipt of all incoming payments. Although the Supervisor issued duplicate receipt forms to some Town department heads documenting when he received certain payments, he did not issue duplicate receipt forms for payments received in the mail. As a result, the Supervisor may not have deposited cash receipts and remittances in a timely manner. Further, we were unable to determine whether the Supervisor deposited the 20 payments totaling \$543,268 received in the mail during fiscal year 2024 within 10 days after receipt, as required by Town Law. The Supervisor told us he generally deposited cash receipts the same day he received them.

We traced all 18 cash receipts totaling \$278,296 which were deposited by the Supervisor from October to December 2024 and all were recorded in the accounting system accurately. However, although 11 payments totaling \$5,279 were deposited in a timely manner, one payment totaling \$385 was not deposited timely and the remaining six payments totaling \$272,632 did not include the date received.

**Figure 2: LGMG – Fiscal Oversight Responsibilities of the Governing Board<sup>a</sup>**



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Therefore, we could not determine whether they were deposited, as required. Depositing Town funds in a timely manner decreases the risk that the funds could be lost, stolen or misappropriated.

Bank Reconciliations – The Supervisor did not maintain bank account reconciliations. Although the Supervisor told us he reconciled the bank balances to the cash amounts recorded in the accounting records, he did not retain documentation of the bank reconciliations. Performing bank reconciliations can help identify errors made by either the bank or Town officials.

In addition, no other Board members or Town officials reviewed bank statements or performed bank reconciliations. Providing bank reconciliations and bank balances to the Board would demonstrate that the Town's accounting records include accurate cash balances. Because the Supervisor did not document his review of bank reconciliations and the other Board members did not provide oversight by reviewing bank statements or bank reconciliations, the Board's ability to oversee the Town's financial operations and safeguard Town resources was undermined. Without sufficient oversight to ensure records, reports and bank reconciliations were accurate and complete, the Town had an increased risk that those funds could be lost, stolen or misappropriated.

Financial Reporting – The Supervisor provided the Board with monthly budget to actual reports and balance sheets. However, the Supervisor told us the 2024 balance sheet reports were not accurate because assets did not equal the total of liabilities and fund balance. He was uncertain why the balances were not accurate but told us that the balance sheet errors date back to when he started as Supervisor in January 2019.

Although the Board member we spoke to told us he was aware that balance sheets were not accurate throughout 2024, providing the Board with accurate monthly financial reports would help it monitor the Town's financial affairs throughout the year. Inaccurate and unreliable balance sheet reports hinder the Board's ability to monitor and manage financial operations and assess and make decisions regarding the Town's financial condition. The Supervisor entered journal entries to correct the cash balances in the accounting records, to ensure the balance sheet was accurate as of January 1, 2025.

## Recommendations

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The Board should:

1. Conduct and maintain documentation evidencing the thoroughness of its work and results of the annual audit of the Supervisor's records and reports.
2. Request the Supervisor's financial reports to monitor the Town's financial operations and make informed decisions.
3. Attend relevant and beneficial training sessions to obtain a better understanding of its duties or consult with counsel, where appropriate. Training provided by OSC can be found at: [www.osc.ny.gov/localgov/academy/index.htm](http://www.osc.ny.gov/localgov/academy/index.htm)

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The Supervisor should:

4. Document the receipt of incoming payments and deposit funds received no later than 10 days after receipt as required by Town Law and enter receipts into the Town’s accounting records in a timely manner.
5. Ensure bank reconciliations are performed, complete, accurate and up to date, and provide them to the Board for review.

## Finding 2 – The Supervisor has not prepared and filed the AFRs for the last five fiscal years as required by GML.

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As of November 28, 2025, the Supervisor had not prepared, filed with OSC and made available to the public the 2020 through 2024 AFRs (Figure 3), as required by GML. In addition, the last filed AFR, for the year ending December 31, 2019, was filed on August 11, 2020, 162 days late.

The Supervisor and one Board member told us that they knew it was a requirement to file the AFR with OSC within 60 days after the fiscal year’s end, and that AFRs between 2020 and 2024 were not filed. The Supervisor told us these AFRs were not filed mostly due to time constraints. However, because it is the Board’s responsibility to oversee the general management and control of the Town’s finances, the Board should help ensure that the Supervisor prepares and files the AFR with OSC as required.

Because the Supervisor did not prepare and file the financial information, taxpayers, residents and other interested parties were not able to properly assess the Town’s financial operations and financial condition using Town records to make informed decisions. As such, we analyzed the bank balances for the Town’s general and highway funds for fiscal year 2024.<sup>4</sup> Although we did not identify any significant fiscal concerns, the Board should continue to help ensure that the Supervisor files the necessary financial information, including the AFRs in accordance with statutory requirements in an effort to increase overall transparency of the town’s fiscal activities with the public.

**Figure 3: AFR Filing Status as of November 28, 2025**

Fiscal Year	Date Filed	Days Late
2019	August 11, 2020	162
2020	Not Filed	1,732
2021	Not Filed	1,367
2022	Not Filed	1,002
2023	Not Filed	636
2024	Not Filed	271

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<sup>4</sup> See Appendix D for methodology.

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## Recommendations

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The Board should help ensure:

6. The Supervisor prepares and files the AFR, as required by GML.
7. That, to the extent practicable, financial information is made accessible to the public.

The Supervisor should:

8. Prepare and file the AFR with OSC as required by GML.

# Appendix A: Profile, Criteria and Resources

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## Profile

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The Town is located in Otsego County, and is governed by the elected Board, composed of the Supervisor and four Board members.

The Board is responsible for overseeing the Town's financial operations and safeguarding its resources. As the Town's Chief Fiscal Officer (CFO) since 2019, the Supervisor is responsible for the custody of all Town funds, keeping accounts of all receipts and expenditures, and depositing all funds received in a timely manner.

## Criteria – Transparency of Fiscal Activities

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Towns are governed by an elected town board, composed of a fixed number of elected board members and a town supervisor. With certain exceptions,<sup>5</sup> a town board is required by Town Law Sections 62 and 123 to annually audit the town supervisor's books and records.

A town supervisor is a town's Chief Executive Officer (CEO). Generally, a supervisor is also the town's CFO and is responsible for maintaining the town's financial records and reports. The accounting records should be up-to-date and should document assets, liabilities, fund balance and results of operations (revenues and expenditures) for each town fund. The town supervisor must maintain an accurate and complete accounting of all funds received and disbursed, and deposit town funds within 10 days of receipt, as required by Town Law Section 29.

A town supervisor's financial books and records, as per OSC guidance available in our LGMG publication *Fiscal Oversight Responsibilities of the Governing Board*, can include:

- Cash receipt and disbursement transactions,
- Cash reconciliations,
- Receivables,
- Investment records,
- Deposit protections,
- Indebtedness and property records,
- Payrolls, and
- Financial reports.

Audits provide the town board with the opportunity to assess the effectiveness of financial operations and help ensure that adequate board oversight is maintained over town operations. An annual audit also provides an independent verification that transactions are properly recorded, that town funds are properly accounted for and whether any significant fiscal concerns exist. An audit of the town supervisor's records should be thorough and sufficiently detailed to determine that the following minimum concerns are met:

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<sup>5</sup> See Supra, footnote 1.

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- Financial records are complete and up to date,
  - Transactions are recorded properly,
  - Reconciliations are performed monthly, and
  - Required reports are made in a timely and accurate manner.

Once complete, a town supervisor must cause a certified copy of this previous year's annual accounting to the board to be published in the official town newspaper.<sup>6</sup>

Based on the financial books and records maintained by the town supervisor and the accounting provided to the town board, GML Section 30 requires the town supervisor to prepare and file the AFR of the town's financial position and results of operations with OSC within 60 days<sup>7</sup> after the close of the fiscal year. As part of its fiscal oversight responsibilities, a town board should be assessing the town's books, records, and supporting documentation and monitoring the performance of town officers and employees who are entrusted with recordkeeping and other financial responsibilities, including the town supervisor who prepares and files financial information. In addition, the AFR must be made available to the public in accordance with:

- A town board resolution that authorizes a town supervisor to use the AFR filed with OSC as an alternate to making available the prior year's annual accounting to the board;
- Town Law Section 29 which requires a town clerk to publish either a summary of the AFR in the town's official newspaper within 10 days after the AFR has been received, or a notice that a copy of the AFR is on file and is available to the public for inspection,<sup>8</sup> and
- GML Section 30 which requires a town to make the AFR accessible to the public on its official website.

## Additional Resources – General Recordkeeping and CFO Checklist

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The following checklist can be used for each fund maintained and is excerpted from our LGMG publication *Fiscal Oversight Responsibilities of the Governing Board*.<sup>9</sup>

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6 See Town Law Section 29 [10].

7 Towns with populations under 5,000 have 60 days to file, between 5,000 to 19,999 have 90 days, and populations with 20,000 or more have 120 days.

8 See Town Law Section 29 [10-a].

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

Cash Receipts	YES	NO
Is the cash receipts journal up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash receipts journal maintained in a manner that identifies the date received, payer, purpose and the amount either individually or totals referenced to subsidiary receipt records (e.g., water rents receipts register)?	<input type="checkbox"/>	<input type="checkbox"/>
Are un-deposited cash receipts safeguarded?	<input type="checkbox"/>	<input type="checkbox"/>
Are duplicate deposit slips kept?	<input type="checkbox"/>	<input type="checkbox"/>
Do deposit amounts agree with cash receipt amounts?	<input type="checkbox"/>	<input type="checkbox"/>
Are deposits made in a timely manner and recorded up-to-date? Last Recorded Deposit: Date _____ Amount _____	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash receipts journal totaled and summarized monthly?	<input type="checkbox"/>	<input type="checkbox"/>

Cash Disbursements	YES	NO
Is the cash disbursements journal up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash disbursements journal maintained in a manner to identify amounts disbursed either individually or totals referenced to abstracts or payrolls?	<input type="checkbox"/>	<input type="checkbox"/>
Are pre-numbered checks used for all disbursements (other than petty cash)?	<input type="checkbox"/>	<input type="checkbox"/>
Are all checks signed by the chief fiscal officer and co-signed if required?	<input type="checkbox"/>	<input type="checkbox"/>
If checks are signed electronically, is the signature stamp or software in the custody and control of the chief fiscal officer?	<input type="checkbox"/>	<input type="checkbox"/>
Are canceled checks or check images returned with bank statements and maintained on file?	<input type="checkbox"/>	<input type="checkbox"/>
Are all unused checks properly controlled (blank check stock)?	<input type="checkbox"/>	<input type="checkbox"/>
Are checks recorded up-to-date? Last Recorded Check: # _____ Date _____ Amount _____	<input type="checkbox"/>	<input type="checkbox"/>
Is the cash disbursements journal totaled and summarized monthly?	<input type="checkbox"/>	<input type="checkbox"/>
Are payments supported by appropriate documentation? Consider comparing a sample of disbursements with supporting documentation.	<input type="checkbox"/>	<input type="checkbox"/>

Cash Reconciliations		YES	NO	
Are bank accounts reconciled? <i>By Whom?</i> _____ <i>How Often?</i> _____ <i>Who Reviews/Verifies Them?</i> _____		<input type="checkbox"/>	<input type="checkbox"/>	
Is the bank reconciliation performed by a person whose job duties do not include maintaining either the cash receipts or disbursements journals or receiving or disbursing cash?		<input type="checkbox"/>	<input type="checkbox"/>	
Is the bank reconciliation performed in a timely manner after the bank statement is received?		<input type="checkbox"/>	<input type="checkbox"/>	
Last Bank Reconciliation for Each Bank Account		<input type="checkbox"/>		
Bank Account	<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>
Are reconciliations documented and available for review?		<input type="checkbox"/>	<input type="checkbox"/>	
Does the reconciled bank balance agree with the cash balance recorded in the accounting records?		<input type="checkbox"/>	<input type="checkbox"/>	

Receivables	YES	NO
Are receivable control accounts maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Is there indication that the receivable control accounts are reconciled to the detail subsidiary records?	<input type="checkbox"/>	<input type="checkbox"/>
Investment Records	YES	NO
Is an investment record maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Is the record complete and up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Deposit Protection	YES	NO
Has the bank pledged adequate, eligible securities to protect deposits and investments (under the custody of the chief fiscal officer) that exceed FDIC insurance protection?	<input type="checkbox"/>	<input type="checkbox"/>

<b>Indebtedness Records</b> <i>(This record is maintained by the clerk in certain local governments)</i>	<b>YES</b>	<b>NO</b>
Is an indebtedness register maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Is the register complete and up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Property Records</b>	<b>YES</b>	<b>NO</b>
Are property records maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Are the records up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
Are all fixed assets included in the records?	<input type="checkbox"/>	<input type="checkbox"/>
Are physical inventories taken and compared to the records?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Financial Reporting</b>	<b>YES</b>	<b>NO</b>
Are interim reports (budget/actual; trial balances; etc.) prepared?	<input type="checkbox"/>	<input type="checkbox"/>
Are the reports distributed to the governing board and department heads?	<input type="checkbox"/>	<input type="checkbox"/>
Does total year-end recorded cash agree with that reported in the annual financial report?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Payrolls</b>	<b>YES</b>	<b>NO</b>
Are payrolls certified/approved by the appropriate official?	<input type="checkbox"/>	<input type="checkbox"/>
Are pay rates in accordance with collective bargaining agreements and other lawful employment contracts, or board resolutions?	<input type="checkbox"/>	<input type="checkbox"/>
Is leave time accounted for?	<input type="checkbox"/>	<input type="checkbox"/>

# Appendix B: Response From Town Officials

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May 1, 2026

Response to Audit of Town of Butternuts

There are two separate issues in this audit conducted by the OSC. First has to do with the failure of the Town Supervisor to file annual AFR (formerly AUD) reports. The second set of issues is a critique of how the Town Board and Supervisor conduct daily, monthly, and annual financial activities.

In the first case, as Town Supervisor, I take full responsibility for not filing the AFR reports. I have discussed a few issues pertaining to reasons why this is the situation with the auditors. It is my goal to get these up to date as soon as possible, and I have been in contact with OSC representatives to get assistance with that process.

Pertaining to the majority of the audit findings, I take great issue with the summary, the conclusions drawn by the auditors, and the process used to come to those conclusions. I have also discussed with the auditors why there is never any credit given to any Town officials (in any Town) for good financial planning, full accountability for every penny of taxpayer money, savings, and especially smart financial planning for short and long term financial strategies. Audits only seem to find fault, sow doubt among taxpayers and insinuate sinister motives in order to create a negative narrative. Now to the details :

Criticism of the Town Board - The Board gets a monthly expense report, revenue report, and balance sheet. These are reviewed prior to each meeting by the audit committee and the Deputy Supervisor for accuracy. I do make occasional data entry errors and these are always found using this process and corrected before the reports are presented for the Board meetings. Contrary to the assertions made by this report, this financial information is complete, accurate and reliable. Additionally, every Board member is free to review all bank accounts, investments and every other aspect of the financial standing of the Town. This is done electronically or with monthly paper statements. The transparency of the Town's fiscal condition is not diminished as stated in the audit. It is on full display for every concerned party to review.

Finding 1 – Board / audit committee activities-

- OSC forms and guidelines were used to the letter by the audit committee. Auditors actually indicated that most towns don't even bother with this process. The audit committee has full access to any and all financial records for the Town. The assertion that the audit committee was being denied full access to this information is blatantly false.
- "Auditors were unable to determine whether the Supervisor made deposits in a timely manner, increasing the risk that funds could be lost, stolen, or misappropriated." This is completely incorrect, and once again attempts to sow doubt and mistrust among taxpayers. The Town now uses a new system of depositing money into the bank. We

See  
Note 1  
Page 15

See  
Note 2  
Page 15

have a check reading machine in the Town hall and every check is attached to the printed deposit receipt provided by the machine. The dates can easily be cross checked in an instant to ascertain when the check was written and deposited. The auditors recommend that I use a red "received" stamp on every check. This stamp leaves an open area where I would write in the date received with a pen. Any date can be entered so this accomplishes nothing. The Town received \$1,744,264.30 in revenues in 2024. Every single penny was accounted for in a timely manner and reviewed by the Town Board.

See  
Note 3  
Page 15

- Balance Sheet Reports – I informed the auditors that the balance sheet has been inaccurate for many years, but I had done the research and found the process to update and correct the reports. At the time of this audit (2025) the correct balance sheets were being provided monthly to the Town Board. This fact was conveniently left out of the findings. Additionally, I provided the auditors with copies of a quarterly balance sheet of all accounts that I created manually for then Town Board to review. This was based on monthly bank statements. There was also no mention of those balance sheets in the report.
- Bank Reconciliations – With the onset of electronic banking, things have changed significantly. I reconcile bank and investment accounts online on an ongoing basis throughout the month. I am aware of all outstanding checks, account balances, etc. I sweep checking accounts regularly and place unused funds in investment accounts. In 2024, interest earned on Town funds far exceeded \$100,000 for the first time ever, all to the benefit of Town taxpayers. I do not wait for the end of month statement to reconcile accounts or take actions to benefit the Town. All accounts are monitored almost daily as well as with monthly paper bank statements.

See  
Note 2  
Page 15

See  
Note 4  
Page 15

In summary I want to say that in the last conversation that I had with the auditors I asked three very specific questions.

See  
Note 5  
Page 15

- 1) Did you find any money missing ? Answer was NO
- 2) Did you find and funds misappropriated ? Answer was NO
- 3) Did you find any indication of theft or embezzlement ? Answer was NO

Those answers are what is important to me and the Town Board, and I'll leave it right there.



Bruce Giuda / Town Supervisor

# Appendix C: OSC Comments to the Town's Response

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## Note 1

As discussed in the report, the 2024 balance sheet reports were not accurate. The Supervisor was uncertain why, but stated the balance sheet errors dated back to January 2019 when he started as the Town's Supervisor.

## Note 2

It is unclear what the Town's response is referring to; our report does not state that the audit committee was denied access to records.

## Note 3

Because the Supervisor did not record the dates mail was received, auditors could not determine whether the checks received were deposited within the required time periods.

## Note 4

While regularly reviewing online bank account activities is a good practice, it does not replace the need for formal monthly bank reconciliations. A proper bank reconciliation compares the adjusted bank balance at month-end to the cash balances recorded in the Town's accounting records to ensure all receipts, disbursements and other accounting entries were accurately and completely recorded. Formal reconciliations also help identify errors, omissions or unauthorized transactions in a timely manner. Therefore, officials should prepare and document reconciliations promptly after the close of each month to demonstrate that they properly reconciled and reviewed bank and accounting records.

## Note 5

The audit's objective was to determine whether the Board conducted an annual audit of the Supervisor's financial records and reports and determine whether the Supervisor filed the required AFRs. While our audit did not identify evidence of missing funds, theft, embezzlement or other misappropriations of cash during the audit period, the absence of such findings does not diminish the significance of the deficiencies identified.

The Board's annual audit failed to identify incomplete accounting records and financial reporting deficiencies, and the Supervisor did not prepare and file the AFRs for five consecutive fiscal years, as required. Accurate accounting records, timely reconciliations and annual financial reporting are fundamental internal controls that promote transparency, accountability and informed financial decision-making. When these controls are not operating effectively, there is an increased risk that errors, irregularities or inappropriate activity could occur and go undetected.

# Appendix D: Audit Methodology and Standards

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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 reviewed Board meeting minutes and interviewed the Supervisor and one of the four other Board members, who was the sole Audit Committee member, to gain an understanding of the Town's operations, the Supervisor's financial recordkeeping and reporting and the Board's oversight regarding annual audits, filing of the AFR and review of financial reports.
- We performed an annual audit of the Supervisor's records selecting certain categories for the fiscal year ended December 31, 2024, using OSC guidance available to Board members. We judgmentally selected the categories more significant to our audit objective for review, including cash receipts, cash disbursements, bank reconciliations, interim financial reports, and payroll for the general and highway funds. We excluded records for receivables, investments, deposit protections, indebtedness, and property from our testing as they were not significant to our audit objective. Using the CFO checklist<sup>10</sup> we made observations and reviewed:
  - The bank deposit tickets and source documentation on file for the 2024 cash receipts the Supervisor deposited into the Town's bank accounts to determine whether the deposits were made in a timely manner, as required by Town Law, and properly recorded into the accounting records. We judgmentally selected all 18 cash receipts from October to December of 2024 totaling \$278,296, the last quarter of the fiscal year 2024, to determine whether the accounting records were up to date.
  - All 29 cash disbursements for December 2024 totaling \$334,703 to determine whether they were Board-approved and adequately supported and for proper Town purposes. Board audited claim voucher packets were viewed to determine the payee, amount and purpose. December 2024 was selected because it had the highest disbursements dollar value of the 12-month fiscal year 2024.
  - All the Supervisor's bank statements for the fiscal year 2024 to determine whether non-payroll electronic payments were made by the Town. No non-payroll electronic payments were observed.
  - The December 2024 bank reconciliations for all 13 bank accounts were reviewed to determine whether the reconciled bank balances agreed with cash balances recorded in the accounting records. We judgmentally selected December 2024 because it was the last month of the 12-month fiscal year 2024.
  - The payroll records for the last two pay dates of fiscal year 2024 – December 5 and December 19 for all 16 employees (monthly and bi-weekly) and compared the amount paid to Town employees with Board-approved salary schedules and collective bargaining agreements to determine whether the Town's payroll, paid by the Supervisor, was in accordance with the Board-approved pay rates.

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<sup>10</sup> See Supra, footnote 3.

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- We traced all checks payable to the Supervisor in the Supervisor's cash disbursement journal and the bank canceled check images to the source documentation in the Board claim voucher packets to determine whether the checks were for the same payee and amount, and were for proper Town purposes. The Supervisor was judgmentally selected because of his role in the Town's financial operations.
  - We assessed whether the Town had experienced any significant fiscal concerns in 2024 by reviewing the Supervisor's December 2024 bank accounts' ending cash balances for unrestricted funds with financial activity pertaining to the general and highway funds and compared them to the 2025 fiscal year's budgeted appropriations for the general and highway funds to reflect the ability of the Town to fund its adopted 2025 general and highway fund budgeted appropriations.

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.

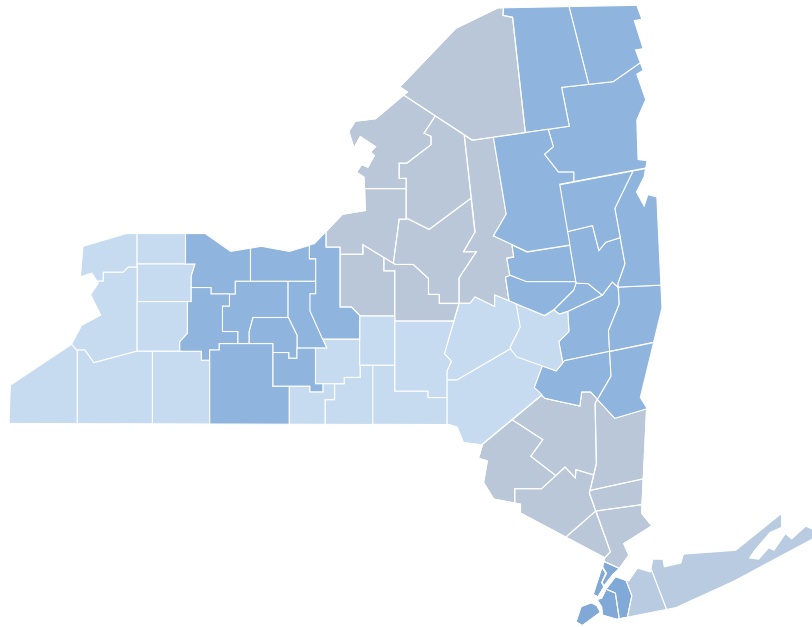
Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

## Contact

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