



Town of Cato

Supervisor's Records and Reports

2025M-141 | March 2026

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Audit Results

Town of Cato



Audit Objective	Audit Period
Did the Town of Cato (Town) Supervisor (Supervisor) maintain complete, accurate and up-to-date accounting records and reports?	January 1, 2022 – November 6, 2025. We extended our audit period to review the Town’s 2017 through 2024 Annual Financial Report (AFR) filings as of November 6, 2025
Understanding the Audit Area	
<p>A town supervisor must maintain complete, accurate and up-to-date accounting records and reports for informed decision-making, legal compliance, accountability and transparency. These records are essential for a town board and officials when monitoring a town’s financial health, making sound fiscal decisions, ensuring that the town complies with various laws and maintaining the public’s trust.</p> <p>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).</p> <p>The Town’s budgeted appropriations for 2025 totaled \$2.27 million.</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 records and reports to effectively manage the Town’s financial operations. Furthermore, there is an increased risk of theft, waste and abuse of Town resources.

The Supervisor assigned his duties of maintaining accounting records and preparing disbursements and financial reports to an appointed bookkeeper without providing adequate oversight. The lack of oversight resulted in errors and deficiencies in the Town’s accounting records remaining undetected and uncorrected. These errors and deficiencies included \$348,817 in receipts and \$744,572 in disbursements that were not recorded in the accounting records or reported in the monthly reports provided to the Board.

The bookkeeper also prepared inadequate bank reconciliations that identified large unreconciled differences, which were not investigated, and indicated the financial records maintained by the bookkeeper on the Supervisor's behalf were incomplete and inaccurate. Had the Supervisor ensured that bank reconciliations were properly prepared for all accounts and reviewed, recording errors in the accounting records may have been identified. We confirmed that these variances were most likely due to unrecorded transfers between bank accounts and nine handwritten checks totaling \$7,403 that were not recorded. Due to the recording errors, the monthly financial reports, including the Supervisor's report of receipts and disbursements and budget-to-actual report prepared by the bookkeeper and presented to the Board, were also incomplete and inaccurate. Furthermore, the Supervisor's payroll records were inaccurate because he did not perform an adequate payroll certification, including reviewing supporting documentation for all employees paid. As a result, one employee was overpaid \$2,600.

In addition, the Supervisor did not file the Town's AFR, as required by New York State (NYS) General Municipal Law (GML) Section 30, since 2017.¹ While the bookkeeper filed the 2017 AFR in August 2022, it was filed more than four years late. However, as of November 6, 2025, the 2018 through 2024 AFRs remained unfiled.

The report includes 10 recommendations that, if implemented, will improve the Supervisor's records and reports. Town officials generally 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 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 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 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.

¹ More information on AFR non-filers and the Town's current AFR filing status can be found on OSC's website at <https://web.osc.state.ny.us/localgov/afr-non-filers/>.

Supervisor's Records and Reports: Findings and Recommendations

A town supervisor should maintain financial records that provide a complete, accurate and up-to-date accounting of all financial transactions. If a town supervisor assigns these duties to another official or employee (e.g., bookkeeper), the town supervisor should provide adequate oversight of their work because the town supervisor is still responsible for the completeness and accuracy of the financial records. Supervisory review of reconciled bank account balances to the general ledger balances monthly is necessary to identify and correct any errors and deficiencies. It is also important for the town supervisor to review and certify payroll records to ensure the bookkeeper has adequately processed the payroll and employees are paid accurately.

In addition, a town supervisor should provide the town board with complete and accurate monthly financial reports and file the required AFR with OSC, so the town board can effectively manage the town's financial operations.

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 2) are included in Appendix A.

Finding 1 – The Supervisor's records and reports were not complete, accurate or up to date.

The Supervisor did not ensure that his financial records and reports were complete, accurate and up to date because he delegated most of his financial responsibilities to the bookkeeper without providing adequate oversight. The bookkeeper recorded receipts and deposits, made disbursements and online transfers between bank accounts, maintained the accounting records, prepared bank reconciliations, processed payroll and provided the Board with monthly financial reports. While the Supervisor reviewed financial reports, signed checks and certified the payroll, he did not review the bank reconciliations, budget transfers, or supporting documentation for disbursements and payroll before payment. Due to the Supervisor's lack of adequate oversight, deficiencies with the Town's accounting records and reports went undetected and uncorrected.

We determined the bookkeeper did not properly record all receipts, disbursements and transfers in the computerized accounting system for the period January 1, 2022 through June 30, 2025. Specifically, we identified unrecorded receipts and transfers in totaling \$348,817 and unrecorded disbursements and transfers out totaling \$744,572, which were also not reported to the Board in the Supervisor's monthly financial reports (Figure 1).

Figure 1: Unrecorded Receipts, Disbursements and Transfers

Year	Receipts and Transfers In			Disbursements and Transfers Out		
	Bank Statements	Supervisor's Records	Unrecorded Receipts/ Transfers In	Bank Statements	Supervisor's Records	Unrecorded Disbursements/ Transfers Out
2022	\$2,039,107	\$1,872,463	\$166,644	\$1,728,849	\$1,395,902	\$332,947
2023	\$1,912,921	\$1,898,240	\$14,681	\$1,618,020	\$1,559,926	\$58,094
2024	\$2,010,631	\$1,976,118	\$34,513	\$2,019,348	\$1,853,572	\$165,776
2025*	\$1,404,027	\$1,271,048	\$132,979	\$1,150,741	\$962,986	\$187,755
Total	\$7,366,686	\$7,017,869	\$348,817	\$6,516,958	\$5,772,386	\$744,572

*Through June 30, 2025

Because the Supervisor did not review the monthly bank reconciliations prepared by the bookkeeper, he was unaware of the large unreconciled balances that indicated the financial records maintained by the bookkeeper on his behalf were incomplete and inaccurate. The bookkeeper said that these variances were most likely due to unrecorded transfers between bank accounts and handwritten checks that were not recorded, which we confirmed through testing. The Supervisor periodically used handwritten checks to pay insurance premiums, cleaning services and the engineer outside the regular claims processing and approval process. Had the Supervisor or Board reviewed and compared the adjusted bank balances to the recorded and reported cash balances, they would have identified these errors and discrepancies.

Based on the Supervisor’s lack of oversight and the bookkeeper’s ability to disburse money, we reviewed 330 disbursements totaling \$1 million to determine whether they were supported, approved and for an appropriate Town purpose. While 329 disbursements were listed on an abstract (listing of claims to be paid), there were 259 disbursements totaling \$580,203 that lacked evidence of Board audit and approval and 102 disbursements totaling \$574,090 that did not have adequate supporting documentation.² We were unable to determine whether 17 of the 102 disbursements totaling \$2,463 were for an appropriate Town purpose. For example, 11 of the 17 disbursements totaling \$870 were payable to the Supervisor for reimbursements using his personal credit card without an itemized receipt. Additionally, we reviewed 15 handwritten checks totaling \$64,201 and determined all 15 handwritten checks were for an appropriate Town purpose but nine checks totaling \$7,403 were not recorded in the accounting records and seven checks totaling \$6,738 were not listed on an abstract.³

Due to these recording errors, the monthly financial reports, including the Supervisor’s report of receipts and disbursements and budget-to-actual report prepared by the bookkeeper and presented to the Board were also incomplete and inaccurate. As a result, the Board lacked the necessary financial information to monitor the Town’s financial operations, including the budget. For example,

² Certain disbursements had more than one exception.

³ Ibid

because the bookkeeper did not record all disbursements, the Board could not ensure sufficient budget appropriations existed prior to approving claims. Furthermore, while 29 of the 43 monthly budget-to-actual reports reviewed indicated appropriations were exceeded, the Board did not approve budget modifications. Instead, the bookkeeper made all budget modifications in December, at year end, and told us that the budget modifications were made based on verbal direction from the Supervisor without providing details such as specific account codes and amounts which totaled \$291,829 during our audit period. Had the Board ensured it received adequate monthly reports to allow for a proper review of available appropriations, it may have identified deficient accounts to ensure budget modifications were made in a timely manner.

Although the Supervisor stated that he reviewed and certified the bi-weekly payroll records processed by the bookkeeper, he did not review any supporting documentation such as time sheets or leave records when doing so. Therefore, we reviewed the payrolls processed for May 2024 and December 2024 to determine whether all 30 employees' and officials' pay during these months were accurate. We identified one employee that was incorrectly paid during May 2024 because the bookkeeper inappropriately configured the employee's annual payment for his second position in the computerized payroll system. As a result of this error, we reviewed all payrolls for this employee between January 2023 through October 2025 and determined that the employee was overpaid \$2,600 for the period. After discussing these errors with the Supervisor, an agreement was signed between the Town and the employee to recoup the overpayments. Without an adequate payroll certification, including review of supporting documentation used to process payroll, inaccurate payments were not identified in a timely manner.

Without complete, accurate and up-to-date accounting records and sufficient monthly reports, the Board's ability to effectively monitor the Town's financial operations is inhibited and there is an increased risk of fraud, waste and abuse.

Recommendations

The Supervisor should:

1. Provide adequate oversight to ensure the bookkeeper maintains complete, accurate and up-to-date financial records and reports.
2. Ensure bank reconciliations are accurately prepared and reviewed, and any errors are investigated.
3. Ensure the Board is provided with complete and accurate financial reports each month, that include reconciled cash balances.
4. Ensure there is Board approval for handwritten checks and that they are properly recorded.
5. Review supporting documentation when certifying payroll to ensure the accuracy of the payments.
6. Ensure that all payroll overpayments are recouped.

The Board should:

7. Review reimbursements to the Supervisor for appropriateness and recoup any payments for a non-Town purpose.
8. Ensure that budget modifications are approved and made in a timely manner.

Finding 2 – The Supervisor did not file the required AFRs.

The Supervisor did not prepare and file the Town’s AFRs, as required by GML Section 30, in a timely manner for fiscal year 2017 or at all for 2018 through 2024 because the Supervisor relied on the bookkeeper to prepare the AFR without providing adequate oversight. The bookkeeper filed the 2017 AFR in August 2022, more than four years late.⁴ However, as of November 6, 2025, the 2018 through 2024 AFRs remained unfiled. The bookkeeper told us that the required AFRs were not filed because corrections to the records needed to be made dating back to 2018 and she put off their resolution to keep the current accounting records up to date. We informed the Supervisor and bookkeeper of the options available to get the AFR filings up to date.

Furthermore, while the Board completed an annual audit of the Supervisor’s records each year, all Board members told us that they did not fully understand the audit process. For example, the annual audit checklist completed by the Board for 2024 stated that they reviewed the AFR, but Board members said that they were unaware of what the AFR was and that the Supervisor was delinquent in filing the Town’s AFRs.

When AFRs are not filed, transparency is diminished and the Board, Town residents, taxpayers, OSC and other interested parties are denied the ability to assess the Town’s financial standing. The annual audit helps the Board fulfill its overall fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the books, records and supporting documents and to identify conditions needing improvement.

⁴ More information on AFR non-filers and the Town’s current AFR filing status can be found on OSC’s website at <https://web.osc.state.ny.us/localgov/afr-non-filers/>.

Recommendations

The Supervisor should:

9. Prepare and file the delinquent AFRs and file future AFRs in a timely manner as required.

The Board should:

10. 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

Appendix A: Profile, Criteria and Resources

Profile

The Town, located in Cayuga County, is governed by the elected five-member Board which includes the Supervisor and four Board members. The Board is responsible for general oversight of Town operations and finances. The Town's fiscal year is from January 1st through December 31st. The Town has a population of approximately 2,500 residents.

Criteria – Supervisor's Records and Reports

A town supervisor should maintain financial records that provide a complete, accurate and up-to-date accounting of all financial transactions. If a town supervisor assigns these duties to another official or employee (e.g., bookkeeper), the town supervisor should provide adequate oversight of their work because the town supervisor is still responsible for the completeness and accuracy of the financial records.

The town supervisor should ensure all receipts and disbursements are properly recorded by reconciling bank account balances with the accounting records or reviewing reconciliations prepared by the bookkeeper. Bank reconciliations allow for the timely identification and documentation of differences between a town's accounting records and bank account balances. As such, a town board should ensure monthly bank reconciliations are prepared for all bank accounts and, along with general ledgers and bank account statements, are independently reviewed and approved.

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

Generally, in accordance with Town Law Section 118, town boards must audit all claims against the town before payment is made. A proper claims audit should ensure that each claim contains sufficient budgetary appropriations prior to payment. If budgeted appropriations are insufficient and the Board wants to approve payment, it must first make a budget modification (e.g., transfer funds from available appropriations in other budget lines).

Town Law Section 120 requires that all payrolls or other claims for compensation for personal services shall be certified by a town officer (such as the town supervisor) or direct supervisor of the employee to ensure accuracy and that services indicated on the payroll were performed.

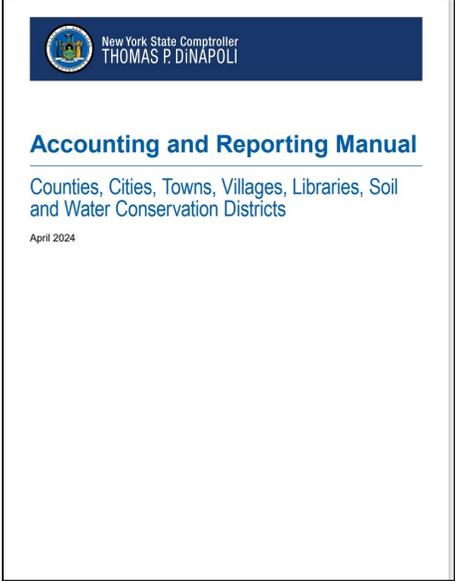
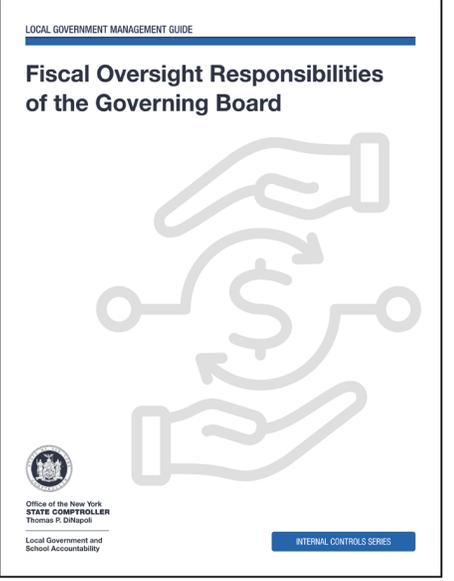
GML Section 30 requires the town supervisor to file an AFR with the OSC within 60 days following the close of the fiscal year and a 60-day extension may be approved. The AFR provides detailed information about the finances of a town and includes such items as revenues, expenditures, debt, cash reserves and fund balance. GML Section 30 also requires the town, to the extent practicable, to make AFR

information available to the public on its official website. In addition, Town Law Section 123 requires the town supervisor to annually account to the town board all money received and disbursed during the year by presenting the records and reports to the town board for audit.

Additional Records and Reports Resources

Figure 2: OSC Publications

OSC *Local Government Management Guide* and other informational resources are available on our website to help officials understand and perform their responsibilities and implement effective internal controls.

Accounting and Reporting Manual – Counties, Cities, Towns, Villages, Libraries, Soil and Water Conservation Districts	Local Government Management Guide – Fiscal Oversight Responsibilities of the Governing Board
	
<p>https://www.osc.ny.gov/files/local-government/publications/pdf/arm.pdf</p>	<p>https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf</p>

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 CATO
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**VIA FIRST-CLASS MAIL &
ELECTRONIC MAIL**

March 18, 2026

Stephanie Howes
Chief of Municipal Audits
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608

Dear Ms. Howes:

The Town Board, the bookkeeper and I have reviewed the audit of the Town of Cato Supervisor's Records and Reports for the audit period of January 1, 2022 through November 6, 2025. While we are disappointed and concerned about the results of the audit, we do not dispute the findings nor have we identified any inaccuracies within the draft audit report.

Based upon the findings and recommendations of the draft audit report, the bookkeeper and I have begun initiating corrective actions - which we discussed with the auditors at the March 10, 2026 exit conference. Additionally, the bookkeeper, the Town Board and I will work together to establish procedures to improve our local government's operations and prepare the Town of Cato's Corrective Action Plan for timely submission to the Office of the State Comptroller once the final audit has been released.

We appreciate the time that your auditors dedicated to identifying deficiencies within the management practices of the Town of Cato so that we are able to correct same and provide better governance to the residents of Cato.

Kind regards,

Jody Snyder, Supervisor

cc: David Berlinski, Town Board Councilmember (via email)
Irving Foster, Town Board Councilmember (via First-Class Mail)
Wendy House, Town Board Councilmember (via email)
Thomas Short, Town Board Councilmember (via email)

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 gain an understanding of the Town's procedures for maintaining accounting records, preparing bank reconciliations and reporting financial transactions.
- We reviewed Board meeting minutes and Board-adopted policies to gain an understanding of the Town's internal controls relating to our audit objective.
- We reviewed the Supervisor's financial records and compared them to the bank statements to determine whether the accounting records were complete, accurate and up to date from January 1, 2022 through June 30, 2025.
- We reviewed bank reconciliations to determine whether reconciliations were complete and accurate.
- We reviewed 43 monthly financial reports the Supervisor provided to the Board from January 2022 through July 2025 to determine whether these reports were complete, accurate, provided to the Board in a timely manner and included any overdrawn (negative) appropriation accounts.
- We reviewed the Board meeting minutes and financial records to determine when budget modifications were made and if they were approved.
- We reviewed 330 non-payroll cash disbursements totaling \$1 million recorded in the accounting records for April 2022, April 2023, April 2024 and May 2025, which were each the highest non-payroll disbursement months for each of the four years in our audit period. We reviewed to determine whether all were adequately supported, approved and for an appropriate Town purpose. We also reviewed the bank statements to determine any handwritten checks and reviewed the 15 handwritten checks identified totaling \$64,201 for appropriateness and proper recording.
- We selected two months of payroll (May 2024 and December 2024) to review from the most recently completed fiscal year, ensuring we reviewed one month from the first half of the year and also reviewed annual pay. We reviewed payroll reports, approved salaries or hourly rates and other supporting documentation to determine whether employees were paid accurately. For one employee who was overpaid, we reviewed all payroll between January 2023 through October 2025 to determine the total amount of the overpayments.
- We reviewed AFR filings from 2017 through 2024 to determine whether the Supervisor submitted AFRs to our Office within 60 days of the close of the fiscal year.
- We reviewed the annual audit checklists completed by the Board to determine whether an audit was completed and if the audit process was adequate.

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.

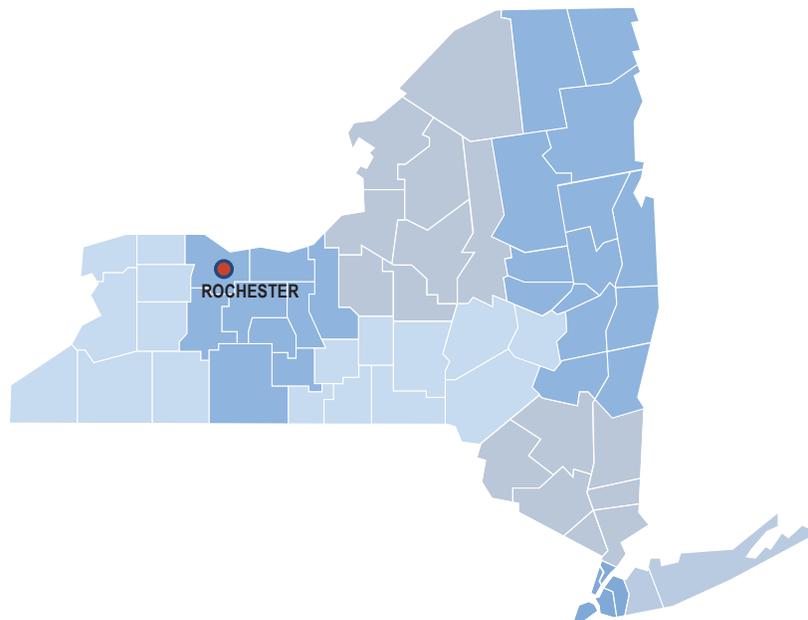
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