



Town of Davenport

Transparency of Fiscal Activities

S9-25-28 | April 2026

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Audit Results

Town of Davenport



Audit Objective	Audit Period
Did the Town of Davenport (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?	January 1, 2024 – May 1, 2025 We extended our observation of annual AFR filings forward to November 28, 2025, and back to fiscal year 2010.
Understanding the Audit Area	
<p>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.</p> <p>With a population of 2,955, Town officials budgeted a total of \$1.5 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.</p>	

Audit Summary

The Board did not conduct or provide for an annual audit of the Supervisor's financial records and reports for fiscal year 2024 in accordance with New York State (NYS) Town Law (Town Law). In addition, the Supervisor prepared and filed the 2024 AFR with OSC, 152 days later than required by NYS General Municipal Law (GML) Section 30. Furthermore, the Supervisor did not properly record financial information in the accounting records and, as a result, provided the Board with inaccurate monthly financial reports.

Had the Board received accurate monthly reports and conducted an annual audit of the Supervisor's books, records and documents, it 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 he did not properly maintain financial information for liabilities and fund equity recorded in the balance sheet reports, hindering the Board's ability to monitor the Town's financial operations throughout the year.

This report includes six 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 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 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 must 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.

Transparency of Fiscal Activities: Findings and Recommendations

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,¹ a town board is required by Town Law to annually audit the town supervisor's 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 did not perform an annual audit of the Supervisor's records and reports in accordance with Town Law.

The Board did not conduct an audit of the Supervisor's financial records and reports for fiscal year 2024. The Supervisor and two of the four other Board members told us that they were unaware of the annual audit requirement.

We reviewed the Supervisor's fiscal year 2024 books and records 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 1) and is readily available on our website.

Based on our review of the Supervisor's records, we determined that the Supervisor, assisted by his appointed bookkeeper, did not properly record financial activities in the

Figure 1: LGMG – Fiscal Oversight Responsibilities of the Governing Board^a



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.

Town's accounting system. As a result, the Supervisor did not maintain complete, accurate and reliable financial accounting records.

Below are examples of issues we identified from our review of the Supervisor's records:

Interim Financial Reports and Information – The Supervisor provided the Board a monthly balance sheet report with inaccurate liability and fund balance information. The bookkeeper generated a balance sheet from the central accounting records that showed \$165,250 in total liabilities, which the bookkeeper explained was incorrect and was carried over in the records for several years. The balance sheet also reported the Town's total fund balance, totaling \$1.2 million, in one equity account rather than by operating fund designated as reserved or unassigned fund balance. Inaccurate financial information could lead to errors going undetected and uncorrected, and hamper the Board's ability to monitor the Town's financial operations throughout the year and make sound financial decisions. In addition, during the preparation process for the ensuing year's budget, the Board would be unable to determine the amount of fund balance available to use for various operations.

The current bookkeeper, who was appointed in June 2024, told us that these inaccuracies were recorded in the accounting records by the previous bookkeeper and she was in the process of correcting these errors. However, it is ultimately the Supervisor's responsibility to ensure the accuracy of the accounting records, as timely, sufficient and accurate accounting records are essential for the preparation of appropriate financial reports to help the Board monitor and manage financial operations and assess and make decisions regarding the Town's financial condition.

Recommendations

The Board should:

1. Conduct the annual audit of the Supervisor's records and reports in accordance with Town Law.
2. 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

The Supervisor should:

3. Provide accurate, timely and complete interim financial reports to the Board.

Finding 2 – The Supervisor did not prepare and file the 2024 AFR on time, as required by GML.

Although the Supervisor prepared and filed the 2024 AFR with OSC on August 1, 2025, 152 days late, it was not made available to the public. In addition, as of November 28, 2025, the Supervisor had not prepared, filed and made available to the public, 2010 through 2023 AFRs.

The Supervisor and two Board members told us that they knew it was a requirement to file the AFR with OSC within 60 days after the fiscal year's end. The Supervisor told us that he recognized the need to prepare and file the AFRs when he took office in January 2024. Therefore, he hired a bookkeeper, who was appointed in January 2024, to help him with his duties, including preparing and filing the AFRs. However, the bookkeeper resigned in May 2024, and the current bookkeeper was appointed in June 2024. The current bookkeeper told us that the delay in filing the 2024 AFR was because she was working to file the delinquent AFRs, prior to filing the 2024 AFR. On August 1, 2025, with the assistance of OSC, the Supervisor filed the 2024 AFR to provide the Town's most recent financial information. 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 subsequent AFRs with OSC as required.

Because the Supervisor did not prepare and file the financial information in a timely manner, 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 2024.² 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.

Recommendations

The Board should help ensure:

4. The Supervisor prepares and files all subsequent AFRs with OSC within 60 days of the end of each fiscal year, as required by GML.
5. That, to the extent practicable, financial information is made accessible to the public.

The Supervisor should:

6. Prepare and file all subsequent AFRs with OSC within 60 days of the end of each fiscal year, as required by GML.

² See Appendix C for methodology.

Appendix A: Profile, Criteria and Resources

Profile

The Town is located in Delaware 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 CFO since January 1, 2024, the Supervisor is assisted by a part-time bookkeeper, who helps the Supervisor maintain the accounting records, process check disbursements and prepare monthly financial reports. There were two bookkeepers who served during our audit period. The former bookkeeper assisted the current Supervisor from January to May 2024, and the current bookkeeper, who began in June 2024. The former Supervisor served for the entirety of the 2010 through 2023 fiscal years we observed for AFR filing.

Criteria – Transparency of Fiscal Activities

Towns are governed by an elected town board, composed of a fixed number of elected board members and a town supervisor. With certain exceptions,³ 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

³ See Supra footnote 1.

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:

- 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.⁴

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 days⁵ 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,⁶ and
- GML Section 30 which requires a town to make the AFR accessible to the public on its official website.

⁴ See Town Law Section 29 [10].

⁵ 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.

⁶ See Town Law Section 29 [10-a].

Additional Resources – General Recordkeeping and CFO Checklist

The following checklist can be used for each fund maintained and is excerpted from our LGMG publication *Fiscal Oversight Responsibilities of the Governing Board*.⁷

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"/>

⁷ <https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

Cash Reconciliations		YES	NO	
Are bank accounts reconciled? <i>By Whom? _____ 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"/>
	<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"/>	

Indebtedness Records <i>(This record is maintained by the clerk in certain local governments)</i>	YES	NO
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"/>
Property Records	YES	NO
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"/>
Financial Reporting	YES	NO
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"/>
Payrolls	YES	NO
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



Supervisor
Town of Davenport
11790 State Hwy 23
Davenport Center NY 13751

Phone: (607) 278-5600 ext 5
FAX: (607) 715-0790

4/6/26

Office of the State Comptroller

Dear Sirs:

The Town of Davenport has received the Audit Report of Transparency of Fiscal Activities. We had an exit conference regarding the findings of the audit. We are ready to begin corrective action of the audit. Thank you both for your help and understanding of the situation.

Timothy S. Kelso, Supervisor, Town of Davenport

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 reviewed Board meeting minutes and interviewed the Supervisor, Clerk, current bookkeeper, and two of the four other Board members 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 checklist⁸ we made observations and reviewed:
 - The bank deposit tickets and source documentation on file for the September and December 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 in the accounting records. We judgmentally selected all 14 cash receipts for September 2024 totaling \$389,826, or the month with the most deposits in the second half of 2024, and the last deposit made in December 2024 totaling \$21,191, to determine whether the records were up to date.
 - All 48 cash disbursements totaling \$94,706 for December 2024 to determine whether they were Board-approved, adequately supported and for proper Town purposes. We reviewed Board-audited claim voucher packets to verify and determine the payee, amount and purpose. December 2024 was selected because it had the highest check disbursement volume of the 12-month fiscal year period.
 - 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 14 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 2024 fiscal year.

⁸ See Appendix A for Additional Resources – General Recordkeeping and CFO Checklist.

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- The 2024 fiscal year payroll records for seven salaried officials (elected or appointed), and for the last pay date of fiscal year 2024 – December 19 for two hourly paid employees 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. Of the 15 total employees, we selected a judgmental sample to include a mix of elected, appointed and hourly employees.
 - We reviewed all bank statements, canceled checks and the Supervisor’s check register for all 2024 fiscal year non-payroll disbursements payable to the Supervisor, Deputy Supervisor and the bookkeeper. No non-payroll disbursements were observed to these individuals. These individuals were judgmentally selected because of their 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.

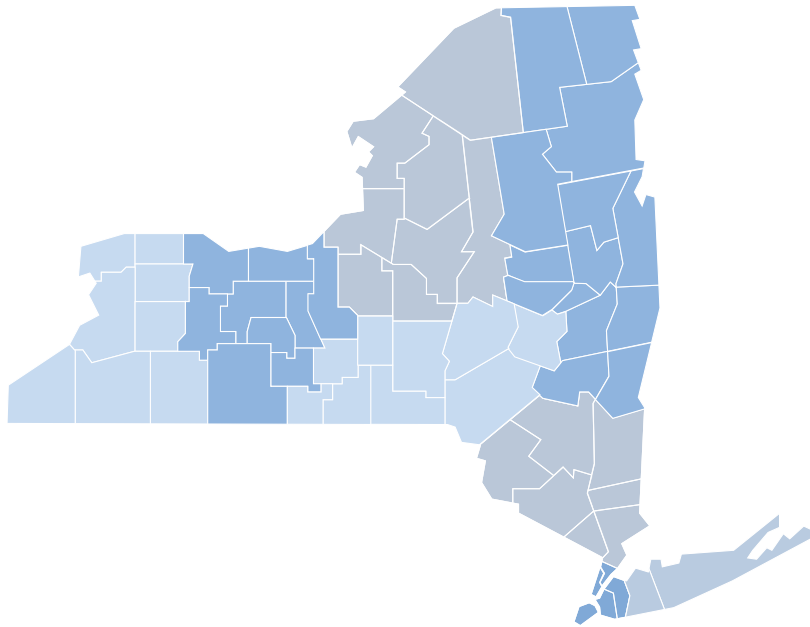
Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample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

Contact

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