New York State Comptroller
THOMAS P. DiNAPOLI

City of Fulton

Clerk-Chamberlain's Records and Reports

September 2026 | 2026M-87

Prepared by the Division of Local Government and School Accountability

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Audit Results

City of Fulton

Audit Objective

Did the City of Fulton (City) Clerk-Chamberlain maintain accurate and up-to-date financial records?

Audit Period

January 1, 2024 – May 12, 2026

We extended the audit period to July 9, 2026 to determine the status of the City's Annual Financial Report (AFR) filings and certified public accountant (CPA) compiled financial statements.

Understanding the Audit Area

The Clerk-Chamberlain is responsible for maintaining complete, accurate and up-to-date financial records, providing the Common Council with timely, accurate and comprehensive financial reports and filing the required AFR with the Office of the New York State Comptroller (OSC). This critical function helps maintain public trust, ensure compliance with legal requirements and prevent mismanagement, waste and fraud by providing the Council with reliable financial information needed to effectively oversee the City's financial operations, monitor its financial condition, and make informed decisions. Timely filing of the AFR also promotes transparency and accountability by providing officials, taxpayers and other stakeholders with reliable financial information.

For 2026, the City's budgeted appropriations totaled $27.1 million.

Audit Summary

While the City had two different Clerk-Chamberlains[1] during the audit period, the former Clerk-Chamberlain did not maintain accurate and up-to-date financial records and, therefore, did not properly report the City's financial position and activity to the Council each month or file the City's 2022 and 2023 AFRs with OSC in a timely manner. The current Clerk-Chamberlain has made progress towards improving the records, but the errors we identified during the audit have not been corrected and the City's 2024 and 2025 AFRs have not been filed.

The Clerk-Chamberlains could not provide the Council with reliable financial reports because of unrecorded and improperly recorded transactions. For example, we identified approximately $9.9 million in transactions that were not properly recorded or not properly accounted for in the City's accounting records. As a result, the Council lacked the information necessary to effectively manage the City's financial condition.

As of May 2026, the Clerk-Chamberlains had not reconciled bank accounts since December 2022. Cash balances in the financial records were not accurate, with differences between recorded cash and adjusted bank balances for 21 of the City's 22 bank accounts (95 percent), as of December 2024. In total, cash in the financial records was $1.0 million (20 percent) lower than the City's $5.0 million adjusted bank balance.

The former Clerk-Chamberlain did not make necessary cash transfers between the City's bank accounts. Specifically, transfers related to 2024 routine collections and disbursements activity totaling $5.3 million were not completed or otherwise accounted for (i.e., shown as amounts due to or from other funds). This may explain why some individual cash accounts did not reconcile, but does not explain why cash was off in total.

Our testing also identified $1.6 million in unrecorded retirement expenditures, and $1.8 million in collections and $1.2 million in disbursements that the former Clerk-Chamberlain did not properly record. These issues

1 The current Clerk-Chamberlain was appointed on July 1, 2025. The former Clerk-Chamberlain served from June 30, 2022 until June 30, 2025.

were not identified or corrected, in part, because the Clerk-Chamberlains did not reconcile any of the City's bank accounts during the audit period.

Additionally, the former Clerk-Chamberlain did not maintain adequate financial records for the City's capital projects. As a result, the records could not be used to determine each project's complete financial history or current position. While the current Clerk-Chamberlain has begun to set up new projects with appropriate accounts, the accounting records for older projects have not been corrected.

This report includes 10 recommendations that, if implemented, will strengthen the City's financial recordkeeping and reporting practices and help provide the Council with complete, accurate and timely financial information needed to effectively oversee and manage the City's financial condition. City officials agreed with our recommendations and their response is included in Appendix B.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of the New York State General Municipal Law (GML). The audit's methodology and standards are included in Appendix C.

The Council 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 OSC within 90 days, pursuant to Section 35 of GML. For more information on preparing and filing the CAP, please refer to the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Council is encouraged to make the CAP available for public review in the Clerk-Chamberlain's office.

Clerk-Chamberlain's Records and Reports: Finding and Recommendations

A city clerk-chamberlain must maintain financial records that provide a complete and accurate accounting of the financial activity and position of each city fund and individual capital project. To help identify and correct any errors in the financial records, a clerk-chamberlain should prepare monthly bank reconciliations to verify that bank account balances agree with the corresponding cash balances in the financial records. In addition, a clerk-chamberlain should provide the city council with adequate monthly financial reports and file the required AFR with OSC, so the council can properly manage the city's financial condition.

More details on the criteria used in this report, as well as resources OSC makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – The Clerk-Chamberlains did not maintain adequate financial records or properly report financial activity.

The former Clerk-Chamberlain did not use proper accounting procedures to record certain collections, disbursements and other financial activity. Furthermore, neither of the Clerk-Chamberlains reconciled bank accounts to ensure transactions were accurately recorded and accounting records were up to date. Without adequate financial records, the Clerk-Chamberlains could not properly report the City's financial position and activity to the Council each month or file the City's AFRs with OSC in a timely manner.

As of May 2026, the last completed bank reconciliations were for December 2022 and these reconciliations were only completed for 10 of the City's 22 bank accounts (45 percent). Furthermore, the former Clerk-Chamberlain did not properly prepare these reconciliations because they only included the calculation of adjusted bank balances and did not include a comparison of these balances to the cash balances in the financial records.

To determine the accuracy of cash balances in the City's financial records, we prepared bank reconciliations for all 22 bank accounts as of December 31, 2024. Cash balances in the financial records were not accurate and did not agree with adjusted bank balances for 21 of the 22 bank accounts (95 percent). In total, cash in the financial records was $1 million (20 percent) lower than the City's $5 million adjusted bank balance at the end of December 2024 (Figure 1).

The former Clerk-Chamberlain told us she did not complete bank reconciliations because she did not understand her predecessor's reconciliation process and did not have the time to develop her own. However, when accurate and timely bank reconciliations are not completed, officials cannot be sure that the financial records are accurate or that transactions have been properly recorded.

Figure 1: Recorded Cash Balances Compared to Adjusted Bank Balances as of December 31, 2024, by Fund

Fund	Cash Balance In Records	Adjusted Bank Balance	Difference
General	$10,005,032	$2,750,172	$7,254,860
Water	587,180	481,036	106,144
Debt Service	48,347	55,713	- 7,366
Recreation	35,014	50,605	- 15,591
Garbage	62,466	157,169	- 94,703
Sewer	- 371,902	410,849	- 782,751
Capital Projects	- 6,328,254	1,134,778	- 7,463,032
Total	**$4,037,883**	**$5,040,322**	**- $1,002,439**

We also reviewed other balance sheet accounts and determined 21 accounts were not supported and/or had illogical balances resulting from apparent recordkeeping errors. For example, asset accounts typically have a positive (debit) balance and liability accounts have a negative (credit) balance, but we noted accounts with the opposite balances. Identified misstatements across all individual non-cash asset and liability accounts on the December 31, 2024 balance sheets totaled $8.5 million. When financial records are inaccurate, officials cannot rely on the financial reports which makes it difficult for the Council to effectively manage the City's finance condition. The Clerk-Chamberlain was unaware of these inaccuracies until we brought them to her attention. For example:

- Three due from other governments receivable accounts, totaling $2.1 million, were not supported and the Clerk-Chamberlain told us that they were not expected to be received. Therefore, these asset accounts were overstated by $2.1 million.

- The water and sewer receivable control accounts had a combined balance that was $876,960 lower than the individual unpaid customer accounts – meaning the control accounts were understated by that amount. The Clerk-Chamberlain said that the water and sewer receivable control accounts were not periodically reconciled to the customer accounts.

- 12 liability accounts had incorrect positive balances totaling $1.7 million. Liabilities should generally have a credit balance (negative amount) because they represent amounts owed by the City. Most of this amount ($1.6 million) relates to erroneous retirement liabilities discussed later in this report. Other amounts include certain liability recording errors such as $55,720 due to other governments (e.g., county, school district). This account was debited when amounts were paid out; however, the amounts due were never credited to the account in the first place, resulting in the accumulated, inaccurate positive balance.

Due to the inaccuracies in the financial records, we tested cash collections totaling $10.2 million and cash disbursements totaling $8.2 million to determine whether they were properly recorded and to review associated banking activity.[2] We also interviewed both Clerk-Chamberlains, and reviewed ledger activity and related supporting documentation, to identify other accounting and recording errors affecting the City's balance sheet accounts. The former Clerk-Chamberlain did not properly record all activity in the financial system, resulting in transactions that were either recorded incorrectly or not recorded at all. For example:

- Routine transfers between City bank accounts totaling $5.3 million were not completed. The Clerk-Chamberlains maintained separate bank accounts for each fund and recorded cash collections and disbursements within the applicable funds' financial records. However, the related banking activity occurred primarily in the general fund checking account. Therefore, bank transfers were needed to account for the amounts paid out of and deposited into the general fund checking account on behalf of the City's other funds. The former Clerk-Chamberlain told us she did not complete bank transfers because of chronic staffing shortages in her department and the need to prioritize day-to-day transactions and responsibilities. Because these transfers were not made or otherwise accounted for (i.e., shown as amounts due to or from other funds), unaccounted for cash advances were provided between City funds. These unrecorded cash advances make it more difficult and time consuming for the Clerk-Chamberlain to reconcile the City's bank accounts with the accounting records and they also result in some funds subsidizing other funds until the appropriate cash transfers are made to repay the funds. We analyzed routine collections and disbursements transactions during 2024 to quantify the transactions for which the corresponding bank transfers were not made by fund (Figure 2). This also provides a partial explanation for the inaccurate cash balances discussed earlier in this report.

2 Refer to Appendix C for information on our sample selection.

Figure 2: Cash Activity Between City Funds From January 1, 2024 to December 31, 2024

Fund	Cash Collections Deposited Into the General Fund Checking Account on Behalf of Fund	Cash Disbursements Paid Out of the General Fund Checking Account on Behalf of Fund	Difference: (Cash Shortage Financed By Other Funds)/ Cash Overage Available For Use By Other Funds
Capital Projects	$0	$4,801,905	-$ 4,801,905
Sewer	1,326,432	1,892,992	-566,560
Garbage	1,186,218	1,219,533	-33,315
Recreation	0	7,525	-7,525
Water	1,519,698	1,425,965	93,733
Total	**$4,032,348**	**$9,347,920**	- $ 5,315,572

During the audit, the Clerk-Chamberlain changed the process to deposit cash collections directly into the bank accounts associated with the appropriate fund. She also changed the process for disbursements to make weekly bank transfers from the appropriate funds to the general fund checking account for amounts paid on behalf of other funds. While she still needs to take action to correct past activities, this is a good step toward improving the accuracy of records.

- Contributions to the New York State and Local Retirement System (NYSLRS) were not properly accounted for in the financial records. The amount billed to local governments by NYSLRS is based on the 12-month period that coincides with the State's fiscal year (April 1 through March 31), which should be apportioned between the City's two fiscal years covered by each invoice.[3] Although the former Clerk-Chamberlain made the proper financial entries when each invoice was paid, she did not make the necessary entries in the prior years to record the expenditure and establish the associated liability. As a result, 2024 retirement expenditures were understated by $1.6 million and the NYSLRS liability account had an inaccurate credit (positive) balance. During the audit, the Clerk-Chamberlain received and paid the City's 2025-26 NYSLRS invoice and provided us with the associated accounting entries showing this payment was accounted for correctly.

- Certain collections totaling $1.8 million were either not recorded in the financial records or were incorrectly recorded. Unrecorded collections totaling $953,667 mostly comprised of State and Federal grants that were deposited electronically into a City bank account. In addition, the former Clerk-Chamberlain erroneously recorded an $890,000 grant as revenue in the general fund instead of the capital projects fund.

- Disbursements totaling $1.2 million were not recorded in the financial records. The former Clerk-Chamberlain made these disbursements via wire transfers to pay for streetlights acquired by the City.

Many of these issues were not identified or corrected because the Clerk-Chamberlains did not reconcile the City's bank accounts. Lacking adequate financial records, they could not provide the Council with reliable financial reports. The former Clerk-Chamberlain provided the Council with monthly budget status reports for the City's primary operating funds[4] that included the original budget, amended budget, actual transactions to date (i.e., revenues and expenditures) and differences between the amended budget and actual transactions. However, these reports were inaccurate because of the numerous errors identified in this report.

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3 OSC provides guidance to assist local governments in accounting for their NYSLRS contribution. Refer to our related bulletin at https://www.osc.ny.gov/files/local-government/publications/pdf/pensionaccountingreportingchanges0515.pdf.
4 These included the general, water, sewer and garbage funds.

In addition, the former Clerk-Chamberlain did not provide the Council with balance sheet reports detailing each fund's assets (including reconciled cash balances), liabilities and fund balance. While the former Clerk-Chamberlain could have generated these reports, they would not have accurately depicted each fund's financial position because of the errors in the records.

As identified during a separate follow-up review[5] that we conducted concurrently with this audit, the former Clerk-Chamberlain also did not maintain adequate financial records for the City's capital projects. Between January 2024 and April 2025, the City had 17 active capital projects. The former Clerk-Chamberlain recorded total expenditures in one account code per project in the accounting system, but more detailed records should be maintained for projects with multiple expenditure categories (e.g., engineering, legal, general construction). The records were also not adequate because they did not include separate revenue, asset, liability, fund balance, and budgetary account codes for each individual project. Consequently, the records could not be used to readily determine each project's complete financial history or current position and the former Clerk-Chamberlain was unable to provide the Council with reports to allow the Council to monitor each project's financial activity and position. During the audit, the Clerk-Chamberlain created a new capital project in the accounting system that included appropriate accounts to be able to track the project.

Without adequate financial records and up-to-date bank reconciliations, the Clerk-Chamberlains were unable to submit the required AFRs to OSC in a timely manner, as required by GML Section 30. The former Clerk-Chamberlain filed the 2022 AFR on May 1, 2024, which was one year past the May 1, 2023 due date. The Clerk-Chamberlain filed the 2023 AFR on July 7, 2026, which was more than two years past the April 30, 2024 due date. As of July 9, 2026, the City's 2024 and 2025 AFRs remained unfiled.[6] Both Clerk-Chamberlains indicated that they did not file the City's AFRs in a timely manner because they were waiting for the CPA to compile the City's financial statements for each year and provide needed adjustments to the financial records.

Besides AFRs, the City generally engaged the services of a CPA to compile and audit the City's financial statements each year. However, the lack of adequate financial records and bank reconciliations, in part, hindered the CPA's ability to provide the City's audited financial statements in a timely manner. For example, the 2023 statements were not received until May 2026. The Clerk-Chamberlain told us that they have sought proposals for the 2024 audit.

Without timely and accurate financial records and reports, the Council lacked the information needed to understand, evaluate and manage the City's financial condition, monitor financial activity and make informed decisions. Furthermore, without an AFR, residents and other interested parties are unable to access reliable information to assess the City's overall fiscal health.

Recommendations

The Clerk-Chamberlain should:

1. Maintain complete, accurate and up-to-date financial records that properly account for the assets, liabilities, fund balance and results of operations (revenues and expenditures) for each City fund.

2. Complete bank reconciliations in a timely manner and promptly investigate and resolve any differences between adjusted bank balances and recorded cash balances.

3. Correct the errors and omissions in the financial records that were identified during the audit.

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5 In June 2025, we performed limited procedures to review the City's progress in implementing the recommendations we included in our previous capital projects related audit of the City. Refer to *City of Fulton – Audit Follow-Up* (2021M-184-F) at https://www.osc.ny.gov/files/local-government/audits/2025/pdf/fulton-city-2021m-184-f.pdf.

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

4. Periodically reconcile the water and sewer receivable control accounts to the total of the individual customer account balances and investigate and correct any differences in a timely manner.

5. Complete necessary bank transfers or make entries in the financial records to account for cash advances between City funds.

6. Maintain separate financial records for each individual capital project that include general ledger accounts and subsidiary revenue and expenditure accounts, and estimated revenues and appropriations from project budgets.

7. Provide adequate and complete monthly reports to the Council, including budget-to-actual comparisons of revenues and expenditures, and balance sheet reports that accurately display assets (including reconciled cash balances), liabilities and fund balance for each fund.

8. Prepare and file the City's delinquent AFRs and ensure all subsequent AFRs are filed with OSC within 120 days of the close of the fiscal year, as required by GML Section 30.

The Council should ensure the Clerk-Chamberlain:

9. Submits AFRs to OSC in a timely manner.

10. Provides the Council with budget status and balance sheet reports each month.

Appendix A: Profile, Criteria and Resources

Profile

The City is located in Oswego County and has an estimated population of 11,389 residents. The City is governed by the elected seven-member Council composed of the Mayor and six Councilors. The Council is responsible for the general oversight of City operations and finances.

The City provides various services including street maintenance and repair, snow removal, police and fire protection, water, sewer, refuse pick-up and general governmental support. The City operates under a charter that designates the Mayor as the City's chief executive officer and the appointed Clerk-Chamberlain as the City's chief financial officer.

The Mayor is responsible for managing the City's day-to-day affairs under the Council's direction. The Clerk-Chamberlain is responsible for receiving and disbursing funds, maintaining financial records and submitting the City's AFR to OSC. The City's fiscal year runs from January 1 through December 31.

Criteria

A city clerk-chamberlain must keep a complete and accurate account of all receipts and disbursements using proper accounting procedures. Such procedures dictate that financial records be organized by fund (e.g., general fund, water fund), with separate records to document each fund's assets, liabilities, fund balance and results of operations. Because capital projects are budgeted on an individual basis, and the legal and contractual requirements vary from one project to another, it is also important to establish and maintain separate funds with separate financial records for each individual capital project.

Collections and related revenues, along with disbursements and related expenditures, must be properly recorded to ensure accurate accounting records. For example, accrual entries should be made when needed, collections and disbursements should be recorded as they occur and necessary bank activity should correspond with accounting system entries.

To help ensure receipts, disbursements and other financial activities (e.g., transfers between bank accounts) are properly recorded, a clerk-chamberlain should prepare monthly bank reconciliations to verify that bank account balances agree with the corresponding cash balances in the financial records. Any differences identified during the reconciliation process should be promptly investigated and resolved to ensure cash balances are accurate and all financial activity is included in the financial records.

In addition to cash, other balance sheet accounts should represent actual city assets and liabilities and be supported by documentation such as accounts receivable and payable aging reports or external statements or schedules. To ensure the accuracy of account balances, they should be periodically reconciled. For example, water and sewer receivable control accounts should be compared to the total of the individual unpaid customer accounts in the billing and collection system.

A clerk-chamberlain should also provide monthly financial reports to the council to allow monitoring of city financial affairs throughout the year. These reports should include a budget-to-actual comparison of revenue and expenditure accounts for each fund (budget status report), that shows the original budget, any authorized amendments or approved transfers, actual transactions to date (i.e., revenues and expenditures) and differences between the amended budget and actual transactions (variances). A balance sheet report that includes reconciled cash balances, and each fund's total assets, liabilities and fund balance should also be available and provided to the council for review.

GML Section 30 requires the clerk-chamberlain to file an AFR with OSC no later than 120 days after the close of the fiscal year. The AFR is a report of a city's financial position and results of operations, and provides the council, OSC, city taxpayers and other interested parties with a tool for monitoring financial activity.

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *Accounting and Reporting Manual*: https://www.osc.ny.gov/files/local-government/publications/pdf/arm.pdf
- *The Practice of Internal Controls:* https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf
- *Capital Projects Fund*: https://www.osc.ny.gov/files/local-government/publications/pdf/capital-projects-fund.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government

Appendix B: Response From City Officials

The content below is a reproduced copy of the original response letter issued by City officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[7] and may have included changes to spelling and grammar. The substance of the content was not changed.

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RE: Draft Audit Report- City of Fulton Clerk-Chamberlain's Records and Reports (August 2026/2026M-87)

Dear Chief of Municipal Audits:

This letter serves as the City of Fulton's written response to the Office of the State Comptroller's draft audit report concerning the City of Fulton Clerk-Chamberlain's Records and Reports for the period of January 1, 2024 through May 12, 2026.

The City of Fulton appreciates the Office of the State Comptroller's review and examination of our financial records and reporting practices. We acknowledge and agree with the findings identified in the draft report and recognize the importance of maintaining accurate, complete, and timely financial records and reports.

Specifically, the City acknowledges the following findings:

- Incomplete or inaccurate bank reconciliations, including unresolved variances;
- Inadequate or untimely financial reports provided to the Common Council;
- Interfund transfers related to water, sewer, and other fund transactions processed through the General Fund were not completed or properly recorded; and
- Delinquent Annual Financial Reports for fiscal years 2024 and 2025.

The City takes these findings seriously. We recognize that accurate financial records, timely reporting, and appropriate internal controls are essential to responsible municipal government and to providing the Common Council and the residents of the City of Fulton with an accurate picture of the City's financial condition.

We are committed to addressing the deficiencies identified in the draft audit report. In the coming months, and in coordination with the Common Council, the City of Fulton intends to develop and submit a formal corrective action plan addressing the findings and recommendations contained within the final report.

7 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

Importantly, the City has already begun taking steps to improve its financial records and reporting processes. The City has selected two qualified auditing firms to assist with this work. One firm will be engaged to assist the City with completing the necessary bank reconciliations and addressing outstanding issues within the financial records. A second firm has been selected to assist the City with the completion of the 2024 Single Audit.

These steps represent an immediate effort by the City to begin correcting the deficiencies identified by the Office of the State Comptroller and to establish more reliable and consistent financial practices moving forward.

The City of Fulton appreciates the professionalism of the Office of the State Comptroller throughout this review. While we recognize that there is significant work ahead, we are committed to addressing the findings in a thoughtful and comprehensive manner and to strengthening the City's financial management, internal controls, recordkeeping, and reporting practices.

On behalf of the City of Fulton, I thank you and your staff for your review and for the guidance provided throughout this audit process. We look forward to working cooperatively with the Office of the State Comptroller as we move forward with the corrective actions necessary to address these findings.

Respectfully,

James Rice
Mayor/City of Fulton

Appendix C: Audit Methodology and Standards

OSC auditors obtained an understanding of internal controls that were deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of the work on internal controls, as well as the work performed in the audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed City officials and reviewed financial records and reports to obtain an understanding of the Clerk-Chamberlains' processes for maintaining the financial records, recording cash collections and disbursements, preparing bank reconciliations and reporting financial transactions.

- We assessed the timeliness and adequacy of the most recently completed bank reconciliations for all 22 City bank accounts. We also prepared bank reconciliations for these accounts as of December 31, 2024 to determine whether cash balances in the financial records were accurate and agreed with adjusted bank balances.

- We reviewed non-cash asset and liability accounts as shown on each fund's December 31, 2024 balance sheet to identify accounts for testing including accounts with material balances and those that we considered to pose a higher risk of being inaccurate (i.e., accounts typically not found in a particular fund and accounts with unexpectedly positive or negative balances). We tested these accounts by reviewing related ledger activity and supporting documentation to determine whether the account balances were supported.

- We examined cash collections totaling $10.2 million to determine whether they were properly recorded and deposited. Our testing included the following collections received during the audit testing period of January 1, 2024 through April 30, 2025:

    - Payments from New York State and Oswego County totaling $6.4 million.

    - Debt issuance proceeds received by wire and other electronic (ACH) payments totaling $3.3 million.

    - Industrial sewer customer payments totaling $325,514.

    - Other payments and receipts totaling $152,645 received on one day (February 6, 2024) during the audit testing period. We used our professional judgment to select this day to ensure clerk fees, which are recorded in a system separate from the City's central financial system and entered into the central financial system once a month, would be included in the collections tested.

- We identified 17 non-payroll disbursements and one weekly payroll run totaling $4.3 million by selecting the single highest dollar accounts payable batch and weekly payroll run that occurred during the audit testing period. Using our professional judgment, we reviewed bank statements and identified an additional 15 non-payroll disbursements during the audit testing period, totaling $3.9 million, that we considered to have a higher risk of not being recorded in the financial records (i.e., non-routine payments made by ACH or wire, payments made outside of the City's financial system such as by paper check or bank check, and miscellaneous debits or other unidentified disbursements shown on the bank statements). We reviewed these disbursements to determine whether they were properly recorded and paid from the appropriate funds' bank account.

- We interviewed City officials and reviewed the results of our cash collections and disbursements testing to obtain an understanding of the process for making routine bank transfers between City funds. We identified a systemic breakdown in this process (i.e., routine bank transfers between funds were not completed) and quantified the amount of bank transfers between City funds that did not occur and were not otherwise accounted for in the financial records (i.e., shown as amounts due to and from other funds) between January 1, 2024 and December 31, 2024.

- We reviewed available monthly financial reports from January through December 2024 to determine which reports were provided to the Council and whether they were adequately prepared.

- We obtained the filing status of the City's 2022 through 2025 AFRs to determine whether the reports were submitted within the required deadlines.

- We reviewed the CPA compiled financial statements and audit report for 2022 and interviewed the current Clerk-Chamberlain to determine the status of any CPA reviews currently underway.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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.

Questions?

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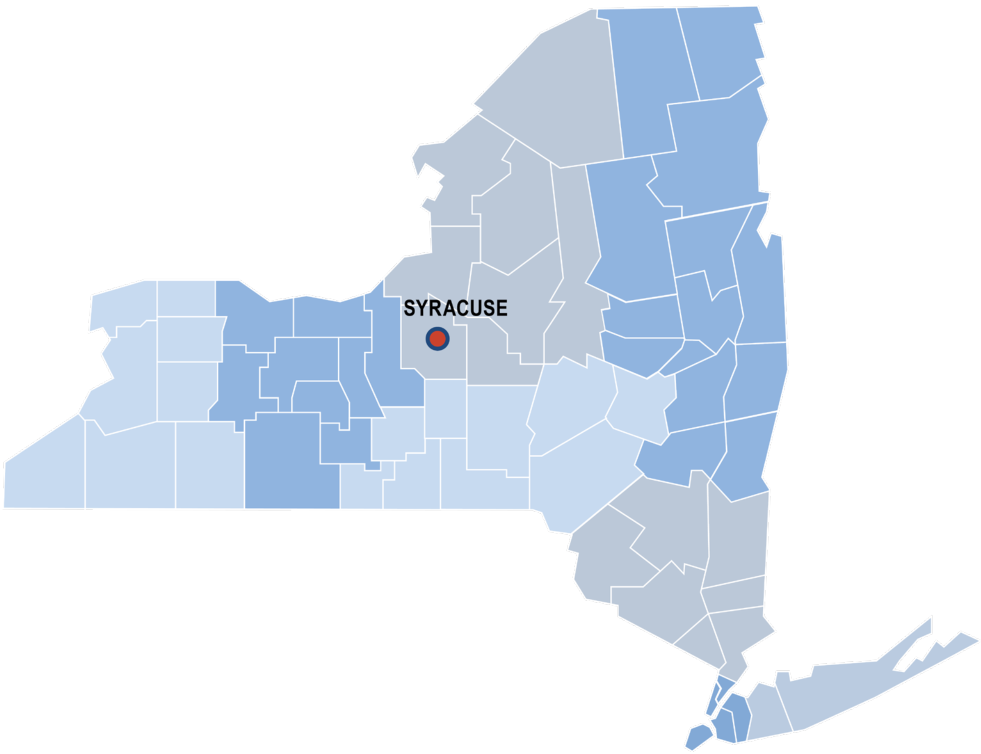

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Prepared by the Division of Local Government and School Accountability