

# Town of Knox

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## Transparency of Fiscal Activities

**S9-25-30 | April 2026**

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# Audit Results

## Town of Knox



### Audit Objective

Did the Town of Knox (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 2020.

### 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 2,635, Town officials budgeted a total of \$2.6 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 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, as shown in Figure 1, the Supervisor<sup>1</sup> did not prepare and file the 2021 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.

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

Fiscal Year	Date Filed	Days Late
2020	December 30, 2024	1,399
2021	Not Filed	1,367
2022	Not Filed	1,002
2023	Not Filed	636
2024	Not Filed	211

<sup>1</sup> The Supervisor at the date of this report of examination was issued took office in January 2026, subsequent to the audit period.

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Had the Board received complete, accurate and reliable 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 the Supervisor did not:

- Ensure that the Board audited all disbursements before payment, which increased the risk that Town funds could be lost, stolen or misappropriated.
- Record cash disbursements in the Town's computerized accounting system or perform monthly bank reconciliations for fiscal year 2024, which undermined the Board's general responsibility to oversee the Town's financial operations and safeguard Town resources.
- Provide the Board with reports showing a total of cash receipts and disbursements each month or cash balances for each operating fund, hindering its ability to monitor the Town's financial affairs throughout the year.

This report includes 12 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. Appendix C includes our comment on an issue 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 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,<sup>2</sup> 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.

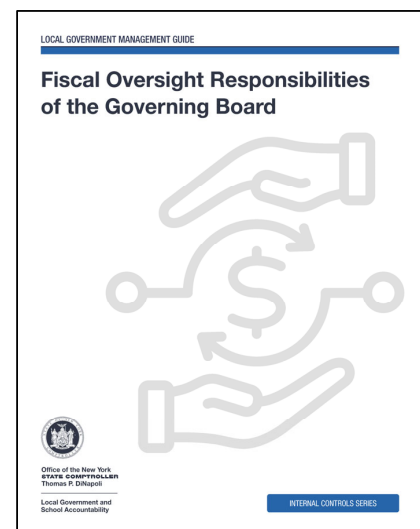
The Board did not conduct an audit of the Supervisor's financial records and reports for fiscal year 2024. The Supervisor and two Board members told us they were not aware of the annual audit requirement.

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, assisted by his appointed bookkeeper:

- Maintained certain manual records (e.g., payrolls, claim voucher packets, canceled check images and bank statements), but did not record all transactions in the Town's general ledger, known as the master accounting record, or subsidiary ledgers, in a timely manner.

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



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

<sup>2</sup> 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.

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- Did not maintain supporting documentation for all credit card purchases, and the Board did not review any credit card purchases prior to payment, which increased the risk that inappropriate charges were paid and remained undetected.
  - Did not perform bank reconciliations or report the results to the Board, which undermined the Board's responsibility to oversee the Town's financial operations and safeguard Town resources.

Below are examples of issues we identified that, had the Board conducted an 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 to document when he received incoming payments, such as receipts or remittances stamped with the date received. Instead, the Supervisor retained the physical cancelled checks, which were remotely deposited, with bank statements. As a result, we could not accurately determine whether incoming payments were deposited within 10 days after receipt as required by Town Law Section 29. Of the 46 payments, totaling about \$645,000 remotely deposited into the bank accounts for fiscal year 2024, we observed 11 totaling \$105,393 with deposit dates ranging from 13 to 43 days after the physical cancelled check dates. Therefore, it appeared the Supervisor made some deposits late. Depositing Town funds in a timely manner decreases the risk that the funds could be lost, stolen or misappropriated.

Additionally, because the bookkeeper told us that the cash receipts were not recorded into the accounting records in a timely manner, we traced the 46 payments to the subsidiary revenue ledger provided to us on June 24, 2025. Two of the 46 payments, totaling \$1,916 received in February 2024 (\$1,516) and September 2024 (\$400), were not recorded in the ledger. When questioned about the missing records, the bookkeeper told us she knew they were not done and that she needed to record them. As a result, cash receipts and remittances to the Supervisor were not receipted or recorded in a timely manner, and the Supervisor may not have made deposits that were timely, intact or matched to the payment source or purpose.

Cash Disbursements – The Board did not perform a claims audit on all disbursements prior to payment. Specifically, the Board did not audit the credit card purchases made by various Town officials, totaling \$25,227 for fiscal year 2024. The Supervisor told us that he reviewed the credit card statements for the Town's six credit cards, but the other two Board members we spoke to told us that while they were aware of purchases using the Town credit cards, they were unaware that the Board should review and approve them. Because the Supervisor was the only Town official reviewing the credit card purchases, including his own, we reviewed all of the Supervisor's fiscal year 2024 credit card purchases totaling \$2,276. Although the Supervisor told us he maintained supporting documentation such as receipts and/or invoices for all his purchases, we identified that no documentation was maintained for eight purchases totaling \$870. When the Board does not properly monitor credit card use, there is an increased risk that inappropriate and wasteful spending may occur. In addition, payment prior to audit and approval increases the risk that inappropriate charges could be paid and remain undetected. Moreover, to minimize such risks, the Board should not allow the Supervisor or other Town officials to review and approve their own credit card purchases.

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**Bank Reconciliations** – Neither the Supervisor nor the bookkeeper performed bank reconciliations throughout fiscal year 2024 because the accounting records were not updated in a timely manner. When we began our audit fieldwork on June 9, 2025, both the Supervisor and bookkeeper acknowledged they were behind in recording transactions for fiscal year 2024. In addition, during our audit fieldwork, the bookkeeper told us that cash disbursements and payroll were not recorded in the Town’s accounting system in a timely manner. On June 24, 2025, after we concluded our fieldwork, the bookkeeper provided us with the Town’s accounting ledgers, without any details to show the extent of the unrecorded transactions or period of delay. Although we determined that the disbursement records included all transactions that we reviewed, we were unable to identify when the records were entered into the accounting system.

Timely, sufficient and accurate accounting records are essential for the preparation of the required financial reports to help the Board monitor and manage financial operations and assess and make decisions regarding the Town’s financial condition.

**Financial Reporting** – The Board received monthly budget-to-actual reports that were prepared by the bookkeeper. However, the information was incomplete because it only included transactions that were entered into the accounting system at the time it was prepared. The Board members we spoke to were unaware these reports were incomplete. The Board also received monthly abstracts with claim voucher packets, but the Supervisor did not provide the Board with reports including monthly cash receipts and total disbursements or cash balances for each operating fund. Routine interim reports provided to the Board that summarize financial activities help it monitor the Town’s financial affairs throughout the year.

## Recommendations

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The Board should:

1. Conduct the annual audit of the Supervisor’s records and reports in accordance with Town Law.
2. Request financial reports to monitor the Town’s financial operations and make informed decisions.
3. Audit and approve all claims, including credit card purchases, prior to payment and ensure claims are adequately supported with itemized invoices or other supporting documentation.
4. 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)

The Supervisor should:

5. Keep an accurate and complete accounting of the receipt and disbursement of all Town funds, and ensure the financial records and reports are complete, accurate and up to date.

6. Document 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.
7. Ensure a Board claims audit of credit card purchases is completed and that the purchases are supported and for a legitimate Town purpose prior to payment.
8. Ensure the bank reconciliations are performed, complete, accurate and up to date.
9. Submit monthly reports to the Board that include the detailed accounting of all funds received and disbursed, cash balances and complete budget-to-actual comparisons of revenues and expenditures for each Town fund.

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

As of November 28, 2025, the Supervisor had not prepared, filed with OSC and made available to the public the 2021 through 2024 AFRs (Figure 3), as required by GML. In addition, the last filed AFR, for the year ending December 31, 2020, was filed on December 30, 2024, 1,399 days late.

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, and that AFRs between 2021 and 2024 remained outstanding.

Although the Board members told us they were unaware of the Supervisor’s reason for not filing, the Supervisor told us that he did not file the AFRs because he lacked complete accounting records for 2024 and needed financial information from the former Supervisor to complete the 2021 AFR before filing the 2022 and 2023 outstanding AFRs. 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>3</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
2020	December 30, 2024	1,399
2021	Not Filed	1,367
2022	Not Filed	1,002
2023	Not Filed	636
2024	Not Filed	211

<sup>3</sup> See Appendix D for methodology

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## Recommendations

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The Board should help ensure:

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

The Supervisor should:

12. 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 Albany 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 2022, the Supervisor is assisted by his part-time appointed bookkeeper who processes check disbursements, prepares accounting entries and reports including general journals, cash receipts and disbursements journals, budget-to-actual reports to provide to the Board as the monthly Supervisor's report, and bank reconciliations.

## 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>4</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>4</sup> See Supra, footnote 2.

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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>5</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>6</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>7</sup> and
- GML Section 30 which requires a town to make the AFR accessible to the public on its official website.

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5 See Town Law Section 29 [10].

6 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.

7 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*.<sup>8</sup>

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"/>

<sup>8</sup> <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"/>
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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Traci Delaney  
Town Supervisor



## Office of the Town Supervisor

2192 Berne-Altamont Rd. | Altamont, NY 12009 | 518.872.2551 ext. 2 | Email - supervisor@knoxny.gov | www.knoxny.gov  
Mailing Address: PO Box 56 | Knox, NY 12107

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April 8, 2026

### **VIA ELECTRONIC MAIL**

Nicole A. Tomsen, Chief of Municipal Audits  
Statewide Audit Unit  
New York State Comptroller's Office  
Division of Local Government and School Accountability  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
[Muni-Statewide@osc.ny.gov](mailto:Muni-Statewide@osc.ny.gov)

***Re: Written Response to Preliminary Draft Audit Report — Town of Knox,  
Transparency of Fiscal Activities, Report No. S9-25-30 (March 2026)***

Dear Ms. Tomsen:

On behalf of the Town of Knox Town Board (the “Board”), this letter is submitted in response to the preliminary draft audit report titled *Transparency of Fiscal Activities* (Report No. S9-25-30, March 2026), which was transmitted to the Town on March 18, 2026. This response is submitted pursuant to OSC’s request and in accordance with the procedures described in *Responding to an OSC Audit Report: Audit Responses and Corrective Action Plans*.

At the outset, the Town believes it is important to note that current Town Supervisor Traci Delaney assumed office in January 2026, after the audit period examined by OSC. The draft report states that the audit period was January 1, 2024 through May 1, 2025, with OSC extending its review of AFR filings back to fiscal year 2020 and forward through November 28, 2025. Accordingly, the conditions described in the draft report arose before Supervisor Delaney’s tenure. Nevertheless, the Town, acting through its current Board and Supervisor, recognizes its institutional obligations and is committed to addressing the matters identified in the draft report and implementing appropriate corrective measures.

The Town appreciates OSC’s work in conducting this audit. The Board takes the findings seriously and is committed to improving the Town’s financial recordkeeping, reporting practices, and oversight procedures so that the Town’s fiscal activities are transparent, accurate, and compliant with applicable law.

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## General Statement Regarding the Draft Report

The Board understands the draft report to identify two principal findings: first, that the Board did not conduct or provide for an annual audit of the Supervisor’s financial records and reports for fiscal year 2024 as required by Town Law; and second, that the Supervisor did not prepare and file Annual Financial Reports (“AFRs”) for fiscal years 2021 through 2024 with OSC as required by General Municipal Law (“GML”) Section 30.

The Town does not dispute that these issues are serious. At the same time, because the current Supervisor took office only in January 2026, the Town respectfully asks that the final report fairly reflect that the conduct examined occurred under the prior administration. The current Board and Supervisor Delaney are now focused on remediation, compliance, and the establishment of durable financial controls going forward.

See Note 1 Page 18
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### Response to Finding 1 — The Board Did Not Perform an Annual Audit of the Supervisor’s Records and Reports in Accordance with Town Law

The Board **agrees** with Finding 1.

The Town acknowledges that a formal annual audit of the Supervisor’s financial records and reports for fiscal year 2024 was not conducted as required by Town Law. The Town further acknowledges the control deficiencies described in the draft report relating to cash receipts documentation, the lack of timely reconciliations, incomplete monthly reporting, and the failure to conduct a proper pre-payment audit of all claims, including credit card charges. Those conditions, however, arose during the tenure of the prior Supervisor and before Supervisor Delaney assumed office in January 2026.

The Town’s position is not that these issues should be excused because they predated the current Supervisor. Rather, the Town offers this clarification so that responsibility is accurately framed in the final report and so that OSC understands that the present administration is in a corrective, not causative, posture. Supervisor Delaney and the current Board are working to identify legacy deficiencies, bring records current, and implement procedures that will ensure statutory compliance on a going-forward basis.

With respect to the specific recommendations under Finding 1, the Town responds as follows:

- **Recommendation 1** — The Board **agrees** that an annual audit of the Supervisor’s records and reports must be conducted in accordance with Town Law. The current Board is arranging to conduct the required review and is evaluating whether outside assistance should be retained to ensure a complete and compliant annual audit process going forward.
- **Recommendation 2** — The Board **agrees** that it should require financial reports sufficient to monitor the Town’s financial operations and make informed decisions.

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The current administration is preparing to implement a reporting structure under which the Board will receive complete monthly information on receipts, disbursements, fund cash balances, and budget-to-actual results.

- **Recommendation 3** — The Board **agrees** that all claims, including credit card purchases, should be audited and approved prior to payment and supported by itemized documentation. The Town is developing procedures to ensure pre-payment review of all such claims and to prohibit self-review of a Town official's own credit card transactions.
- **Recommendation 4** — The Board **agrees** that additional training regarding fiscal oversight responsibilities is appropriate. The Board and relevant officials intend to participate in OSC training and to consult with counsel as needed regarding Town Law and GML requirements.
- **Recommendation 5** — Supervisor Delaney **agrees** that the Town must maintain an accurate and complete accounting of the receipt and disbursement of Town funds and ensure that records and reports are complete, accurate, and current. Although the deficiencies identified by OSC predated her tenure, she is taking steps to bring the accounting records current and establish expectations for timely maintenance going forward.
- **Recommendation 6** — Supervisor Delaney **agrees** that incoming payments must be documented upon receipt and deposited within the time required by Town Law Section 29. The Town is preparing to implement procedures to document the date of receipt, preserve appropriate source documentation, and ensure timely and intact deposits.
- **Recommendation 7** — Supervisor Delaney **agrees** that credit card purchases should be subject to Board claims audit prior to payment and supported by sufficient documentation. The Town is preparing to implement a procedure requiring full supporting documentation and Board review before payment of all credit card charges.
- **Recommendation 8** — Supervisor Delaney **agrees** that bank reconciliations must be performed in a timely, complete, and accurate manner. The Town is completing reconciliations needed to bring the records current and establishing a monthly reconciliation process going forward.
- **Recommendation 9** — Supervisor Delaney **agrees** that the Board should receive monthly reports including detailed receipts and disbursements, cash balances, and complete budget-to-actual comparisons for each fund. The Town is preparing to begin this reporting protocol under the current administration.

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## Response to Finding 2 — The Supervisor Has Not Prepared and Filed the AFRs for the Last Four Fiscal Years as Required by GML

The Board **agrees** with Finding 2.

The Town acknowledges that the AFRs for fiscal years 2021, 2022, 2023, and 2024 were not filed with OSC, and that the 2020 AFR was filed significantly late. The Town further acknowledges that the failure to prepare and file those AFRs impaired transparency and limited the ability of the public and other interested parties to evaluate the Town’s fiscal condition. These filing deficiencies, however, arose prior to Supervisor Delaney taking office in January 2026.

Supervisor Delaney inherited the backlog of outstanding AFRs from the prior administration. Since taking office, she and the current Board have been working to assess the status of the Town’s financial records, determine what information remains necessary to complete the outstanding filings, and establish a path toward bringing the Town into compliance. The Town respectfully requests that the final report make clear that the present administration is addressing inherited noncompliance rather than having created it.

See Note 1 Page 18
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With respect to the recommendations under Finding 2, the Town responds as follows:

- **Recommendation 10** — The Board **agrees** that it must help ensure the Supervisor prepares and files the AFR as required by GML. The current Board has will direct Supervisor Delaney to complete and file the outstanding AFRs for fiscal years 2021 through 2024 as expeditiously as possible and to establish a process for timely filing in future years.
- **Recommendation 11** — The Board **agrees** that, to the extent practicable, financial information should be made accessible to the public. The Town is reviewing measures to make completed financial information available through the Town Clerk’s office, the Town’s website, and such other means as may be required by law.
- **Recommendation 12** — Supervisor Delaney **agrees** that the AFR must be prepared and filed as required by GML. Although the outstanding AFRs relate to periods preceding her service as Supervisor, she is developing a plan and timetable to complete those filings and to ensure timely submission of future AFRs.

### Corrective Action Plan

The Town understands that a written Corrective Action Plan (“CAP”) addressing the findings and recommendations in the final audit report must be prepared and submitted within 90 days after issuance of the final report. The Board is committed to preparing that CAP in accordance with GML Section 35 and OSC guidance.

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At present, this letter is intended to serve as the Town’s written response to the draft report, not as a final CAP. Because the current administration assumed office after the audit period and is still assessing the status of inherited records and legacy deficiencies, the Town believes a separate CAP following issuance of the final report will allow it to provide a more precise and realistic implementation schedule, assign responsible persons appropriately, and describe corrective actions with the level of specificity OSC requests.

**Conclusion**

The Town appreciates the opportunity to respond to the draft report before it is finalized. The Town does not minimize the significance of the issues identified by OSC. At the same time, the Town respectfully requests that the final report accurately recognize that current Supervisor Traci Delaney took office only in January 2026, after the audit period and after the AFR non-filing period identified in the report.

See Note 1 Page 18
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The current Board and Supervisor Delaney are committed to correcting the inherited deficiencies, strengthening fiscal oversight, and restoring full transparency and compliance in the Town’s financial operations. The Town welcomes continued dialogue with OSC as it works through the corrective process.

Respectfully Submitted,

**Traci Delaney, Supervisor**  
Town of Knox, Albany County, New York  
supervisor@knoxny.gov  
518.872.2551, ext.2

*On behalf of the Town of Knox Town Board*

*cc: Town Board Members*  
*cc: Javid Afzali, Esq., Town Counsel*  
*cc: Catherine Bates, Town Bookkeeper*

# Appendix C: OSC Comment on the Town's Response

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## Note 1

We amended the report to include footnote 1, to clarify that the Supervisor at the time this report was issued took office after the audit period.

# 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, bookkeeper, Clerk 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 checklist<sup>9</sup> we made observations and reviewed:
  - All 46 payments received for deposit in 2024 totaling \$644,789 in the Supervisor's cash receipts journal and source documentation on file to determine whether the Supervisor deposited the checks into the Town's bank accounts in a timely manner, as required. We also traced cash receipts to the subsidiary receipt ledgers. We judgmentally selected all property tax collections and State aid payments due to the significance of their dollar value and monthly payments from other Town departments due to the significance of their volume.
  - All 29 cash disbursements for September 2024 totaling \$198,198 to determine whether they were Board-approved and adequately supported and for proper Town purposes. We viewed canceled check images from the bank and Board-audited claim voucher packets to determine the payee, amount and purpose. We judgmentally selected September 2024 because it had the highest dollar value of the 12-month fiscal year 2024. We also traced the September 2024 disbursements to the subsidiary expenditure ledgers.
  - All 111 electronic payments totaling \$2.25 million from the Supervisor's bank statements for the fiscal year 2024 to determine whether they were for proper Town purposes, using bank statements and Board audited claim voucher packets to determine the payee, amount and purpose.
  - The payroll records for the last pay period of the first quarter of fiscal year 2024 – March 24, 2024 for all 35 quarterly pay employees and bi-weekly pay employees and compared the amount paid to Town employees with Board-approved salary schedules to determine whether the Town's payroll, paid by the Supervisor, was in accordance with the Board-approved pay rates. We selected the end of the first quarter to capture employees paid both quarterly and bi-weekly, with no expectations of more or fewer exceptions.

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

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- We traced all three non-payroll disbursements for fiscal year 2024 made to the Supervisor and bookkeeper from bank canceled check images to the source documentation in the Board claim voucher packets to determine whether the disbursements were for the same payee and amount and were for proper Town purposes. We also traced all 32 credit card payments made in fiscal year 2024 using the credit card assigned to the Supervisor from monthly credit card statements to source documentation to determine whether the purchases were supported and for proper Town purposes. 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.

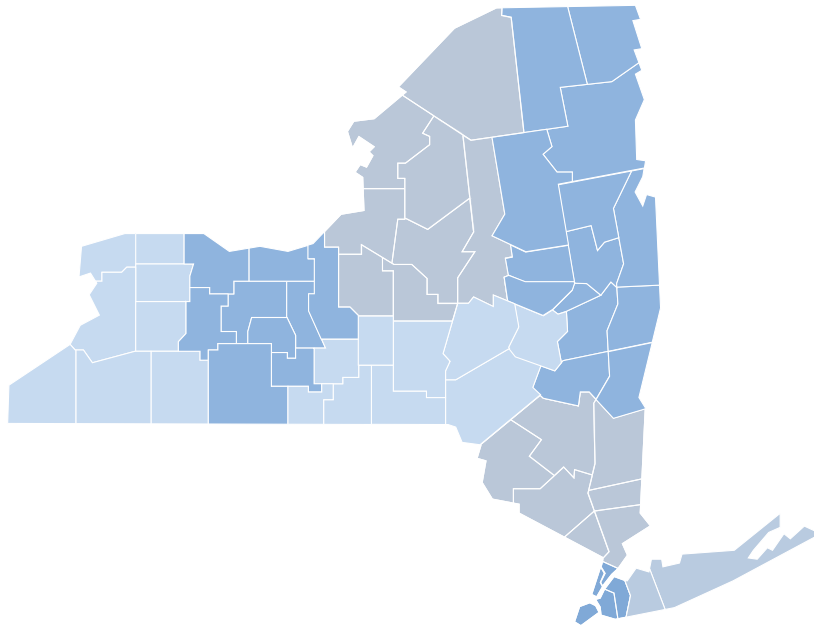
Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample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

## Contact

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