



City of Mechanicville

Financial Oversight

2025M-78 | April 2026

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Audit Results

City of Mechanicville



Audit Objective	Audit Period
Did the City of Mechanicville (City) Mayor and officials provide adequate oversight of financial operations?	January 1, 2022 – September 30, 2024 We extended our audit period to December 31, 2024 to include the 2024 fiscal year-end bank reconciliation.
Understanding the Audit Area	
<p>The City Council (Council) is responsible for managing and controlling the City’s financial operations and must adequately oversee the City’s financial operations to ensure that public funds are managed with accountability, transparency and integrity. This critical function can help maintain public trust, ensure compliance with legal requirements and prevent mismanagement, waste and fraud.</p> <p>The Mayor is responsible for overseeing all City departments, including the Finance Department. The Commissioner of Finance (Commissioner) is responsible for keeping proper books of account and providing regular and special reports to the Council to inform it of the City’s financial status.</p>	

Audit Summary

The Mayor and City officials did not provide adequate oversight of financial operations. As a result, the Council could not fully assess the City’s financial condition or make informed decisions, which increased the risk that errors and mismanagement could occur and that public transparency could diminish.

The Commissioner did not maintain current accounting records or ensure that financial reports were accurately and consistently prepared and delivered to the Council. Bank reconciliations were either not completed or, when they were completed, they contained large, unresolved variances. Also, the Commissioner did not submit two years of Annual Financial Reports (AFRs) to the Office of the New York State Comptroller (OSC) in a timely manner, as required by General Municipal Law (GML) (Figure 1).

Figure 1: Delinquent AFRs as of September 30, 2024

Fiscal Year	Days Late
2022	204
2023	131

Although officials assigned additional staff support to help catch up on financial reporting and bank reconciliations, these efforts were not part of a structured or sustained plan. Consequently, the Finance Department could not keep pace with the City's reporting requirements during our audit period.

In addition, the City's charter provides a general framework for financial oversight, but it does not have detailed policies specifying reporting requirements or formats. Furthermore, the Mayor did not establish formal procedures to monitor financial reporting, verify the accuracy of the City's accounting records or ensure that financial records were current and accurate.

The audit includes nine recommendations to improve the City's financial accountability, strengthen oversight and help ensure that the Mayor and Commissioner fulfill their responsibilities moving forward. City officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law (GML). Our 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 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 Council to make the CAP available for public review in the City Clerk's office.

Financial Oversight: Findings and Recommendations

A city council is responsible for overseeing the city’s financial operations and safeguarding its assets. To fulfill this duty, the city mayor and city council should periodically update the city’s charter and ensure that the city has updated policies, detailed reporting procedures and a formal oversight process. Also, the city mayor and city council should ensure that the commissioner of finance does the following:

- Provides adequate financial information to the city council in a timely manner
- Maintains accurate, complete and up-to-date accounting records in the financial system
- Ensures that the city’s finance department staff completes monthly bank reconciliations to determine whether financial transactions are accurately recorded in the accounting records
- Annually prepares and files required AFRs with OSC in a timely manner
- Adopts comprehensive financial policies and procedures.

In addition, the city mayor should establish formal procedures to monitor financial reporting, verify the accuracy of the city’s accounting records and ensure that the financial records are current and accurate. More details on the criteria used in this report, as well as resources/publications we make available to local officials that can help officials improve operations (Figure 4), are included in Appendix A.

Figure 2 includes the City’s adopted budgeted expenditures by fund.

Figure 2: 2022-24 Adopted Budgeted Expenditures by Fund

Year	General Fund	Water Fund	Sewer Fund	Totals
2022	\$5,718,709	\$1,197,876	\$1,020,138	\$7,936,723
2023	\$6,082,386	\$1,240,627	\$1,064,630	\$8,387,643
2024	\$6,607,994	\$1,219,110	\$1,047,399	\$8,874,503

Finding 1 – The Commissioner did not provide adequate financial information to the Council in a timely manner.

The City’s charter requires the Commissioner to maintain proper books of account and provide financial reports to the Council at regular meetings and upon request. However, during our review of financial reports provided to the Council from January 2023 through September 2024,¹ we observed that the Commissioner did not provide the Council with reports for all 21 months. Even when reports were provided, we identified that key financial documents – such as detailed bank reconciliations, cash receipt summaries, payroll summaries and disbursement summaries – were frequently missing.

¹ Refer to Appendix C for further information on our sample selection.

These reporting deficiencies occurred because the Commissioner did not maintain accurate and up-to-date accounting records in the financial system. For example, bank deposits totaling \$414,529, a payment of \$336,693 to the NYS retirement system and a payment of \$149,423 for insurance were not recorded in the financial records. The Commissioner also did not implement clear procedures for, or provide adequate monitoring of, Finance Department staff to ensure records were maintained and reports were consistently prepared and distributed. Leadership changes and limited staff experience in the Finance Department contributed to incomplete and delayed reporting.

In addition, the Mayor did not monitor the Commissioner's work, and/or that of the Finance Department, to ensure that accurate financial reports were submitted in a timely manner. Because the Commissioner did not adequately perform these duties, the Council did not have information it needed to effectively oversee financial operations. This increased the possibility that financial errors and mismanagement could occur and that public transparency could be diminished.

Recommendations

The Commissioner should:

1. Establish deadlines and reporting requirements for preparing and delivering complete financial reports to the Council. The Commissioner also should monitor staff compliance with these deadlines and requirements.
2. Provide sufficient training and staffing for Finance Department staff to ensure they can meet reporting obligations.

Finding 2 – The Commissioner did not ensure that Finance Department clerks performed adequate bank reconciliations.

According to the City's charter, the Commissioner is required to keep proper books of accounts, which includes monthly bank reconciliations to ensure that cash activity aligns with the accounting records. We reviewed four months of bank reconciliations² and observed that two were incomplete and two contained unresolved variances. We then performed bank reconciliations for the two months in which they were not completed. When combined, these four months showed discrepancies totaling \$1,451,933, as follows:

² Ibid.

-
- December 31, 2024 – We identified a \$671,670 variance between the bank statement and the accounting records. While we were able to explain net variances of \$688,697 for unrecorded wire transactions and deposits, unexplained variances of \$17,027 remained.
 - September 30, 2024 – No reconciliation was completed. We identified a \$702,712 variance between the bank statement and the accounting records, which included \$414,529 in unrecorded bank deposits, \$486,117 in unrecorded wire payments and \$58,148 in unrecorded voided and returned checks.
 - December 31, 2023 – No reconciliation was completed. We identified a \$75,563 variance between the bank statement and the accounting records that was caused by inaccuracies in the accounting records.
 - December 31, 2022 – The finance clerk prepared a reconciliation that contained an unidentified variance of \$1,988.

To address the ongoing backlog of unprepared bank reconciliations, the Commissioner assigned additional work hours to a finance clerk to perform bank reconciliations to identify errors in financial transactions and previously completed bank reconciliations. While the finance clerk identified missing deposits and unrecorded electronic payments, Finance Department staff did not always enter the finance clerk's provided information into the City's accounting records. In some cases, instead of researching the inaccuracies and properly recording the transactions, Finance Department staff simply adjusted the bank balance without correcting the accounting records.

In addition, the Commissioner did not ensure that bank activity was fully reconciled and discrepancies were researched and resolved through proper journal entries. Furthermore, the Mayor did not establish a formal process to monitor reconciliation procedures or enforce accountability. Oversight was informal and did not have necessary follow-up to correct errors or prevent recurring problems. Without consistent bank reconciliations, inaccurate or incomplete transactions went undetected, which caused the City's records to be unreliable.

Recommendation

3. The Commissioner should implement formal, accurate bank reconciliation procedures to ensure that bank reconciliations are performed in a timely manner. The Commissioner also should monitor the work performed by Finance Department staff to ensure that discrepancies are identified and corrected.

Finding 3 – Financial transactions were inaccurately recorded.

Finance Department staff did not record water and sewer collections in their respective funds. Instead, all collections, including those for water and sewer operations, were deposited into the City's shared general fund bank account and recorded in the general fund.

The City used interfund journal entries to move amounts between funds. But because collections were not deposited directly in the correct fund accounts, cash balances for the general fund were overstated and the water and sewer funds showed no activity, which prevented accurate fund-level cash tracking and reconciliation. Similarly, disbursements were recorded as credits to water and sewer interfund accounts instead of being recorded directly in the proper water and sewer fund accounts.

Because cleared checks and interfund transfers were not recorded in the correct funds, the accounting records did not match the bank statements. These practices created activity in the accounting records that did not reflect actual transactions and contributed to unresolvable reconciliation differences, which caused the City's records to be incomplete and unreliable.

Without routine bank reconciliations, these recording errors continued to occur month after month, which prevented the Mayor and Council from having a clear view of the City's actual financial position.

Recommendations

The Commissioner should:

4. Correct the Finance Department's accounting practices and require staff to properly allocate funds and accurately post revenues and disbursements.
5. Establish clear procedures to record water and sewer transactions directly in the appropriate funds and ensure that Finance Department staff comply with the procedures.

Finding 4 – The Commissioner did not prepare and submit the City's AFRs in a timely manner.

According to GML Section 30, the Commissioner is responsible for preparing and submitting the City's AFR. As of September 30, 2024, the Commissioner had not finalized the City's 2022 AFR and had not started the 2023 AFR. During the audit period, the 2022 AFR remained incomplete beyond the statutory deadline, and officials did not provide us with any financial records to show that the 2023 year-end

reports had been initiated.³ As a result, the City did not have any complete or current financial reporting for two consecutive years (Figure 3).

Figure 3: Delinquent AFRs as of September 30, 2024

Fiscal Year	Days Late
2022	204
2023	131

During and shortly before our audit period, the Finance Department experienced significant staffing changes. A new Commissioner was elected in December 2023. Also, a new Deputy Commissioner of Finance was appointed, but she did not have any transitional assistance into this new position from the former Deputy Commissioner of Finance. These staffing changes contributed to the difficulties that Finance Department staff had when attempting to post backlogged financial records while maintaining ongoing financial operations.

While the Mayor informally offered the assistance of another finance clerk (his secretary) to assist and support the Finance Department with administrative tasks, this support was not part of a structured plan. Also, the Mayor did not establish formal expectations or enforce accountability measures to ensure that the AFR was completed. Although the Mayor shares the responsibility for overseeing the City's financial operations with the Commissioner, the Mayor did not take adequate action to address or prevent the delays in reporting.

Because the Commissioner and Mayor did not provide adequate oversight and procedures, and did not enforce accountability for Finance Department staff, the City did not meet its AFR obligations.

Recommendation

The Commissioner should:

6. 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.

Finding 5 – Policies and procedures were outdated and incomplete and did not help ensure effective oversight.

The City operates under a charter (readopted in 2017) that was not updated to reflect current operations or City Council members. Although a Charter Review Committee was formed in 2022, and met during 2022 and 2023, no changes were made to the charter, which left the City with an outdated governing framework.

³ The AFR cannot be prepared without complete year-end reports.

The charter outlines general responsibilities for financial oversight, but it does not have detailed policies that specify the content, frequency and format of financial reports or the frequency of how often the reports must be updated and submitted to the Council. For instance, the Finance Department provided incomplete and outdated financial reports to the Mayor. Also, the Mayor's oversight efforts to monitor the City's financial records were informal. He told us that he did not pressure or demand that the Finance Department provide updated financial reports because he wanted to give them time to update the records and adapt to their new roles.

In addition, City officials did not adopt comprehensive financial policies and procedures. This occurred because officials did not prioritize updating the City's charter or formalizing clear procedures for financial reporting. Without detailed policies and procedures, the City does not have a reliable structure for maintaining accurate records and providing the Mayor and Council with detailed financial reports in a timely manner.

Because the City does not have updated policies, detailed reporting procedures or a formal oversight process, it has an increased risk that errors and mismanagement could occur and that public transparency could be reduced, which undermines financial accountability and public trust. Also, the Mayor and Council cannot ensure that they are receiving necessary information to make sound financial decisions and provide proper oversight.

Recommendations

The Mayor and Council should:

7. Update the City's charter to, and adopt comprehensive financial policies and procedures that, specify the requirements for and content of financial reports and indicate the frequency of how often financial reports must be generated.
8. Clearly define the roles and responsibilities of the Mayor and Council in overseeing financial operations.

The Mayor and Commissioner should:

9. Develop and adopt formal policies and procedures that require the Finance Department to submit detailed and complete financial reports to the Mayor and Council in a timely manner.

Appendix A: Profile, Criteria and Resources

Profile

The City is located in Saratoga County and has an estimated population of 5,064 residents. The City is governed by an elected five-member Council, which includes the Mayor, Commissioner of Finance, Commissioner of Accounts, Commissioner of Public Works and Commissioner of Public Safety. The Commissioner of Accounts oversees the collection of taxes and fees and serves as the Clerk of the Council.

The City provides essential municipal services, including general government programs, public safety, public works, and water and sewer utilities. It operates under a charter most currently readopted in 2017, which established a five-member Council and designated the Mayor as the City's chief executive officer.

The Mayor is responsible for overseeing all City departments, including the Finance Department, and the City's general operations. The elected Commissioner of Finance is the City's chief fiscal officer and is responsible for the City's financial records and reporting, including preparing and filing the City's AFR.

The City's charter requires the Commissioner of Finance to maintain proper books of account and provide financial reports to the Council at regular meetings and upon request. The Commissioner of Finance should complete monthly bank reconciliations in a timely manner to ensure that cash activity aligns with accounting records.

The Finance Department has had leadership transitions, including a new Commissioner of Finance in December 2023, and faced challenges due to employee turnover and limited staff experience. To address these challenges, the Commissioner of Finance assigned additional work hours to an existing finance clerk who had prior accounting experience. This additional support helped identify and explain recording errors, but the inconsistencies remained in the accounting records.

Criteria – Financial Oversight

The City is required to maintain proper accounting records and financial reporting practices according to the Code of the City of Mechanicville (2017), ARM and GML Section 30. The City's charter (Code of the City of Mechanicville, Title II) indicates that the Mayor is responsible for overseeing all departments, boards and commissions. The charter also states that the Commissioner of Finance is responsible for keeping proper books of account and providing regular and special reports to the Council to inform it of the City's financial status.

The ARM (Chapter 9 – Financial Reporting) states that governmental accounting information has little value if it is not communicated in a timely and effective manner. Internal financial reporting should allow a city council to monitor compliance with legal and contractual provisions and should provide the council with necessary information for future financial planning. Financial reports typically include balance sheets and statements of revenues, expenditures and changes in fund equity. City officials

are required to submit annual financial reports, including the AFR, to OSC within 120 days of the fiscal year-end, as mandated by GML Section 30. The AFR deadline is firm for cities, and extensions are not permitted.

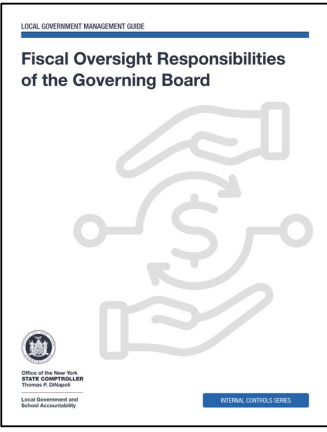
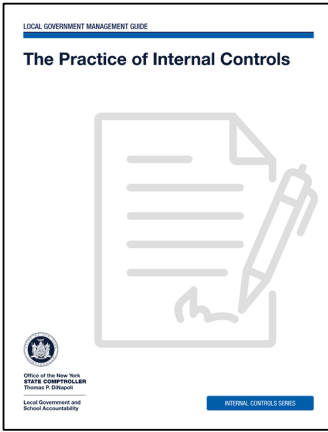
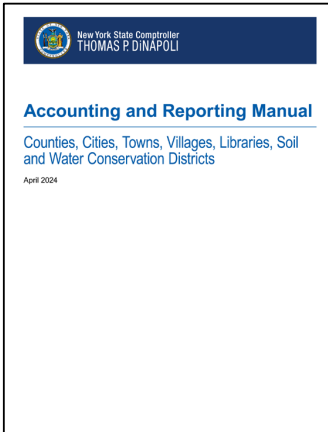
OSC's Local Government Management Guide – Fiscal Oversight Responsibilities of the Governing Board describes the council's responsibility to develop and formally adopt policies that establish control procedures and other requirements for financial operations. These policies must be effectively communicated to staff, reviewed periodically and updated as needed. The council also is responsible for monitoring fiscal operations by comparing actual results to adopted policies and plans, consulting with senior management and department heads, and initiating corrective actions when necessary. Regular financial reports should be provided to the council to support its oversight responsibilities, including current information on the city's financial position, operational results, budget status, compliance with policies, service costs and legal compliance matters.

Additionally, *OSC's Local Government Management Guide – The Practice of Internal Controls* states that bank reconciliations are an effective control for detecting errors and identifying fraudulent transactions. Bank reconciliations should be prepared monthly, reviewed by a supervisor, and correcting entries should be authorized as needed. Bank reconciliations also should be performed by an employee who does not have custody of, or access to, cash and who does not solely perform cash receipt, disbursement or journal entries. In small cities where segregation of duties is not feasible, supervisory or council oversight serves as a compensating control for these incompatible financial duties. This oversight reduces the risk that errors or fraud could occur by ensuring that accounting entries are accurate and bank reconciliations are legitimate.

Additional Financial Oversight Resources

Figure 4: OSC Publications

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

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

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From City Officials

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Michael Butler
Mayor

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Date: March 26, 2026

Chief of Municipal Audits Office of the State Comptroller Glens Falls Regional Office

Re: Draft Audit Report – City of Mechanicville Financial Oversight (2025M-78)

Dear Chief of Municipal Audits,

This letter serves as the **City of Mechanicville's written response** to the draft audit report on Financial Oversight (January 1, 2022 – December 31, 2024) and our **Corrective Action Plan (CAP)**. The City Council has reviewed and approved this combined submission.

Position on Findings We agree with all five findings:

- Inadequate or untimely financial reports to the Council.
- Incomplete or inaccurate bank reconciliations with unresolved variances.
- Improper recording of water/sewer transactions in the General Fund.
- Delinquent Annual Financial Reports (AFRs) for 2022 (204 days late) and 2023 (131 days late).
- Outdated and incomplete policies/procedures for oversight.

These stemmed from staff turnover, inadequate training, and decentralized roles. We appreciate OSC's review and note significant progress already underway.

Corrective Action Plan Since the audit period, the City has replaced legacy staff with a new Deputy Commissioner (30+ years Governmental Fund Accounting experience) and hired a part-time Finance Clerk dedicated to system upgrades—such as remote deposits, automated tax bill integration, online payments, and credit card improvements. A finance calendar and dedicated mailbox are active for tracking deadlines. The **City Guide for Financial Operations (CGFO)** is in draft to formalize procedures.

Key actions:

1. The Commissioner should establish deadlines and reporting requirements for preparing and delivering complete financial reports to the Council. The Commissioner also should monitor staff compliance with these deadlines and requirements. **Action:** The new Finance Commissioner has established a dedicated finance calendar and mailbox for tracking deadlines and assignments. Drafting is underway on the **City Guide for Financial Operations (CGFO)**, plus a standardized template for Council financial reporting

packets at meetings—template fully operational by March 2026. **Responsible:** Finance Commissioner
Timeline: Calendar and mailbox active now; template live **March 2026**; CGFO finalized by **December 31, 2026**.

2. The Commissioner should provide sufficient training and staffing for Finance Department staff to ensure they meet reporting obligations. **Action:** The Finance Commissioner has deputized an experienced Deputy Commissioner (30+ years in financial accounting, with deep Mechanicville-specific knowledge) and hired a part-time Finance Clerk to support upgrades and daily tasks. A training checklist has been added to the **City Guide for Financial Operations (CGFO)**, including modules from OSC on fund accounting and from GCOM for onboarding new staff. **Responsible:** Finance Commissioner / Deputy Commissioner **Timeline:** Staffing and checklist in place now; full training rollout by **July 31, 2026**.
3. The Commissioner should implement formal, accurate bank reconciliation procedures to ensure that bank reconciliations are performed in a timely manner. The Commissioner also should monitor the work performed by Finance Department staff to ensure that discrepancies are identified and corrected. **Action:** The experienced Deputy Commissioner has completed all outstanding bank reconciliations and developed a standardized procedure for ongoing monthly performance. **Responsible:** Deputy Commissioner / Finance Commissioner **Timeline:** Procedures and tech enhancements in place by **October 31, 2026**.
4. The Commissioner should correct the Finance Department's accounting practices and require staff to properly allocate funds and accurately post revenues and disbursements. **Action:** The Finance Department is now fully staffed. The Deputy Commissioner has developed processes for daily fund balance checks and regular posting of revenues and disbursements. The part-time Finance Clerk will draft and update these procedures within the **City Guide for Financial Operations (CGFO)**. **Responsible:** Deputy Commissioner / Finance Commissioner **Timeline:** Processes active now; CGFO updates complete by **December 31, 2026**.
5. The Commissioner should establish clear procedures to record water and sewer transactions directly in the appropriate funds and ensure that Finance Department staff comply with the procedures. **Action:** The Deputy Commissioner has drafted procedures for regular, direct recording of water/sewer revenues. The Finance Commissioner and part-time Finance Clerk are collaborating with Accounts Department on upgrades: integrating tax billing module into the accounting package, enabling online tax payments, remote deposits, improved credit card acceptance, and ensuring proper fund allocation. A significant tax increase to the water fund has been authorized to achieve solvency and eliminate reliance on General Fund transfers. **Responsible:** Deputy Commissioner / Finance Commissioner **Timeline:** Procedures drafted and upgrades underway; full integration and compliance by **October 31, 2026**.
6. The Commissioner should 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. **Action:** The delinquencies for 2022 and 2023 stemmed from staff turnover, inadequate training, and limited knowledge of requirements—issues now addressed with new leadership and staffing. Those AFRs have been fully submitted. For 2024, the Deputy Commissioner is working diligently with external auditors to complete and file as soon as possible, targeting before the CAP submission deadline. The 2024 is set to be uploaded once it is validated and certified the Finance Commissioner gets the rights and credentials. After the 2025 filing the AUD should be submitted in a timely manner as the accounting records are kept current. A dedicated finance calendar now enforces the 120-day rule for future years. **Responsible:** Deputy Commissioner / Finance Commissioner **Timeline:** 2022–2023 complete; 2024 targeted for early filing (pending auditor progress); ongoing compliance by **April 30, 2026**.

7. The Mayor and Council should update the City's charter to, and adopt comprehensive financial policies and procedures that, specify the requirements for and content of financial reports and indicate the frequency of how often financial reports must be generated. **Action:** Charter changes to improve financial reporting have been drafted and sent to the charter committee. The City Council has authorized a binding proposition for the November 2026 ballot to revise the Charter—shifting to a **City Council–Professional City Manager** form of government (effective January 1, 2027, pending voter approval). This will modernize oversight and centralize professional management. In parallel, the **City Guide for Financial Operations (CGFO)** is being drafted to detail report formats, content, and frequency. The Mayor has re-engaged the Charter Review Committee by filling vacant seats and directing them to resume meetings after a multi-year hiatus. **Responsible:** Mayor / City Council **Timeline:** Charter changes proposed by July 31, 2026. Charter proposition on ballot November 2026; CGFO finalized by **December 31, 2026**.
8. The Mayor and Council should clearly define the roles and responsibilities of the Mayor and Council in overseeing financial operations. **Action:** A City Guide for Financial Operations (CGFO) policies and procedures manual is in development to document operations and best practices. The City Council has authorized a binding proposition for the November 2026 ballot to revise the Charter—adopting a **City Council–Professional City Manager** form of government (effective January 1, 2027, pending voter approval). This will clearly separate policy oversight (Council/Mayor) from administration. In the interim, the **City Guide for Financial Operations (CGFO)** will outline current roles. **Responsible:** Mayor / City Council **Timeline:** Charter proposition on ballot November 2026; committee meetings resuming now; interim definitions in CGFO by **December 31, 2026**.
9. The Mayor and Commissioner should develop and adopt formal policies and procedures that require the Finance Department to submit detailed and complete financial reports to the Mayor and Council in a timely manner. **Action:** The Finance Commissioner is leading development of the **City Guide for Financial Operations (CGFO)**, which will include mandatory submission protocols—such as standardized monthly Council packets, deadlines via the finance calendar, and review steps. Starting in 2026 a monthly statement of expenses is sent to all department heads and others. **Responsible:** Finance Commissioner / Deputy Commissioner **Timeline:** CGFO policies adopted by **December 31, 2026**.

These changes—new leadership, active tools, and structural reform—will restore transparency, accuracy, and accountability.

Thank you for your guidance. Contact us if more details are needed.

Sincerely,

Mayor Michael Butler City of Mechanicville

Appendix C: Audit Methodology and Standards

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

- We interviewed officials and employees, and reviewed the Council's meeting minutes and the City's charter and financial records, to gain an understanding of the City's accounting practices and records.
- We reviewed the City's certified public accountant (CPA) report issued for the 2022 fiscal year, and trial balances and supporting documentation for the 2022 through 2024 fiscal years, to determine whether officials maintained appropriate, accurate, complete and up-to-date accounting records.
- We reviewed accounting records, bank reconciliations and supporting documentation to determine whether bank reconciliations were prepared monthly, agreed with the accounting records and were independently reviewed. We used our professional judgment to select a sample of four months of bank reconciliations: December 2022, December 2023, September 2024 and December 2024. This sample contained bank reconciliations from within our original audit period and extended audit period so that we could examine additional bank reconciliations completed after our fieldwork began.
- We reviewed all internal financial reports provided to the Council from January 2022 through September 2024 to determine whether the reports existed and were complete and sufficient for managing operations.
- We reviewed the status of the City's AFRs for the 2022 and 2023 fiscal years to determine whether they were prepared, complete, accurate and submitted in a timely manner.
- We extended our audit period through December 31, 2024 to include the year-end bank reconciliation prepared by the finance clerk. This extension allowed us to evaluate the completeness and accuracy of the 2024 year-end financial reconciliations, including the December 31, 2024 bank reconciliation.

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

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

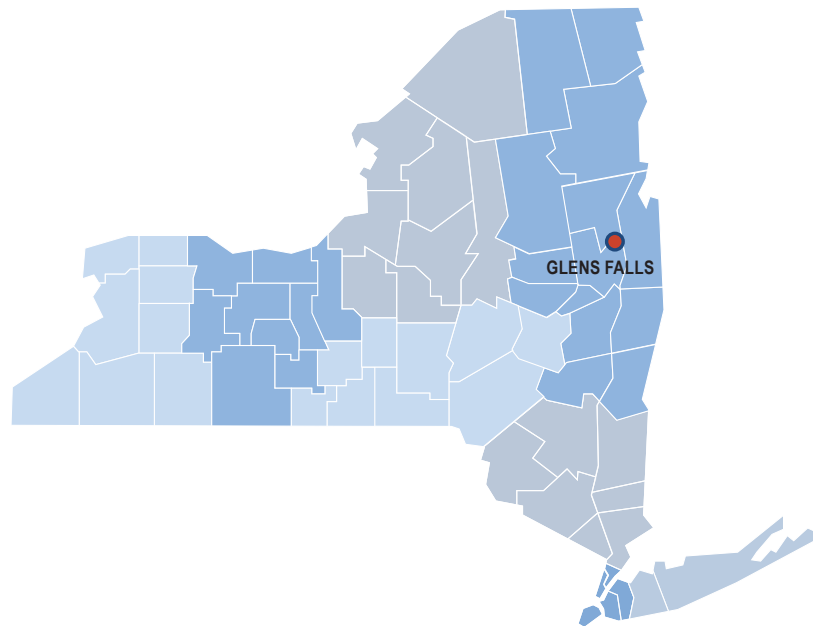
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