

New York State Comptroller  
THOMAS P. DiNAPOLI

# Town of Newcomb

## Town Supervisor's Records and Reports

July 2026 | Report 2026M - 15

Prepared by the Division of Local Government and School Accountability

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# Audit Results

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## Town of Newcomb

### Audit Objective

Did the Town of Newcomb (Town) Supervisor (Supervisor) maintain complete and accurate accounting records and reports?

### Audit Period

January 1, 2024 – September 30, 2025

### Understanding the Audit Area

A town supervisor, as chief fiscal officer, should maintain complete and accurate accounting records and reports for informed decision-making, legal compliance, accountability and transparency. These records are essential for a town board and officials when monitoring a town's financial health, making informed financial decisions and protecting public funds.

The Town's accounting records included five operating funds during the audit period: general, highway, water district, sewer district and fire protection district. The Town's 2025 budgeted appropriations for these funds totaled approximately \$6.5 million. During the audit period, the Town also had an active capital project for constructing a community center that was accounted for in a capital projects fund in the accounting records.

### Audit Summary

The Supervisor did not maintain complete and accurate accounting records and reports. As a result, the Town Board (Board) and Town officials could not determine or manage the Town's true financial condition. This also impaired the Board's ability to make informed financial decisions and caused taxpayer inequities.

Although the Supervisor delegated his records and reports duties to an appointed Clerk to the Supervisor (Clerk), the Supervisor remained responsible for ensuring they were properly maintained. However, the Supervisor did not adequately oversee or monitor the responsibilities he delegated to the Clerk. As a result, errors and deficiencies in the Town's accounting records and reports occurred, including the following:

- The balance sheets for the general, highway, water district, sewer district and capital project funds only contained asset accounts for cash and investments and no liability accounts as of December 31, 2024. However, the balance sheets for these funds should have contained receivables, prepaid expenses and accounts payable balances totaling a combined \$834,594, \$103,864 and \$192,435, respectively.
- Expenditures for New York State and Local Employees' Retirement System (NYSLRS) contributions were not recorded based on the actual expenditures incurred by the Town or properly allocated to each of the operating funds in 2024, which resulted in the recorded expenditures being overstated for the general fund by \$22,772 and understated for the highway, water district and sewer district funds by \$8,547, \$1,935 and \$1,541, respectively.
- Bank reconciliations were not prepared for all accounts or properly reviewed. For 14 of the 42 bank reconciliations (33 percent) that we prepared, the adjusted bank balances did not agree with the general ledger cash or investment balances at month's end, including the general ledger balance exceeding the adjusted bank balance for one account by \$38,779.

- The Supervisor did not provide the Board with complete and accurate monthly reports during the audit period. For example, the three monthly reports we reviewed had 15 cash and investment balances that were overstated by amounts up to \$85,997 and 12 balances that were understated by amounts up to \$259,908.
- The 2024 Annual Financial Report (AFR) was incomplete and inaccurate because it was prepared using the Town's incomplete and inaccurate accounting records. For example, the general and highway funds' reported unrestricted fund balances were overstated by \$119,311 and \$97,317, respectively.

The Supervisor also did not provide an annual accounting to the Board for 2024 and the Board did not audit, or contract with an independent public accountant to audit, the Supervisor's records for 2024. This annual accounting would have helped the Board fulfill its overall fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the books, records and supporting documents. Had the Board performed the annual audit, it may have observed the deficiencies that we identified during the audit and corrected them in a timely manner.

The report includes eight recommendations that, if implemented, will improve the Supervisor's recording and reporting of financial transactions. Town 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 Office of the New York State Comptroller's (OSC) 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 Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of 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 office.

# Town Supervisor’s Records and Reports: Findings and Recommendations

A town supervisor should maintain financial records that provide a complete and accurate accounting of all financial transactions. If the town supervisor assigns these duties to another official (e.g., clerk to the supervisor), the town supervisor should provide adequate oversight of the work performed by them because the town supervisor is still responsible for the financial records’ completeness and accuracy.

A town board should ensure bank and investment account balances are reconciled monthly to general ledger balances. In addition, the town supervisor should provide the town board with adequate monthly financial reports and the AFR required to be filed with OSC, so the town board can effectively manage the town’s financial condition and operations. The town board should also ensure the required annual audit of the town supervisor’s records is performed.

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 accounting records were not properly maintained.

The Supervisor did not provide oversight of the Clerk’s duties related to maintaining the accounting records. As a result, errors and deficiencies with the Town’s accounting records were not identified and corrected.

Assets and Liabilities – The balance sheets for the general, highway, water district, sewer district and capital project funds only contained asset accounts for cash and investments and no liability accounts as of December 31, 2024. However, other asset accounts (e.g., receivables and prepaid expenses) and liability accounts (e.g., accounts payable and bond anticipation notes [BAN] payable) should have been recorded in the accounting records for these funds as of December 31, 2024.

For example, the receivables, prepaid expenses and accounts payable balances for these funds should have totaled \$834,594, \$103,864 and \$192,435, respectively (Figure 1). In addition, the BAN payable balance for a capital projects fund should have totaled approximately \$1.2 million. However, the Clerk incorrectly accounted for the short-term BAN issued for the community center project as revenue instead of as a liability.

**Figure 1: 2024 Year-End Receivables, Prepaid Expenses and Accounts Payable Balances Not Recorded in Accounting Records**

Fund	Receivables Balance <sup>a</sup>	Prepaid Expenses Balance	Accounts Payable Balance
General	\$39,917	\$62,067	\$37,441
Highway	10,196	40,892	91,861
Water District	8,994	509	10,403
Sewer District	7,847	396	437
Capital Projects	767,640	0	52,293
<b>Total</b>	<b>\$834,594</b>	<b>\$103,864</b>	<b>\$192,435</b>

a) Consists of the combined total amount of the following accounts: accounts receivable, due from State and Federal government, due from other governments, water rents receivable and sewer rents receivable.

We also reviewed all asset accounts for cash and investments recorded in the accounting records for the general, highway, water district, sewer district and capital project funds as of December 31, 2024 and September 30, 2025 (21 and 22 accounts, respectively). Six accounts (29 percent) in 2024 and three accounts (14 percent) in 2025 were inaccurate. One account was overstated by \$1,930 and eight accounts were understated by a combined total of \$88,858.

The discrepancies with the asset and liability accounts we reviewed primarily occurred because the Clerk did not accrue revenues and expenditures at fiscal year-end or properly record financial transactions in the accounting records. As a result, officials could not determine the Town's true financial condition.

Revenues and Expenditures – We reviewed 10 revenue accounts<sup>1</sup> recorded in the accounting records for the general, highway, water district, sewer district and capital projects funds as of December 31, 2024 and September 30, 2025. Seven accounts (70 percent) for each year were inaccurate, as follows:

- For 2024, four accounts were overstated by a combined total of approximately \$1.2 million and three accounts were understated by a combined total of \$404,091.
- For 2025, three accounts were overstated by a combined total of approximately \$1.1 million and four accounts were understated by a combined total of \$143,543.

For example, BAN revenues were overstated by approximately \$1.2 million in 2024 and revenues for snow removal service for other governments were understated by \$385,256 in 2024.

We reviewed 10 expenditure accounts<sup>2</sup> recorded in the accounting records for the general, highway, water district, sewer district and capital projects funds as of December 31, 2024 and September 30, 2025. Five accounts (50 percent) for 2024 and six accounts (60 percent) for 2025 were inaccurate, as follows:

- For 2024, one account was overstated by \$38,050 and four accounts were understated by a combined total of \$364,217.
- For 2025, four accounts were overstated by a combined total of approximately \$1.3 million and two accounts were understated by a combined total of \$237,734.

For example, equipment and capital outlay expenditures for a capital project were overstated by approximately \$1.2 million in 2025 and equipment and capital outlay expenditures for highway permanent improvements were understated by \$222,364 in 2025.

The discrepancies with the revenue and expenditure accounts we reviewed primarily occurred because the Clerk did not accrue revenues and expenditures at fiscal year-end or record financial transactions under the correct account codes in the accounting records. As a result, officials could not effectively monitor the Town's financial operations by comparing the actual revenues and expenditures each year to amounts estimated in the annual budget.

In addition, expenditures for NYSLRS contributions were not properly allocated to each of the operating funds in 2024. The Clerk told us she only recorded the expenditures in the general and highway funds because the Board only included appropriations for these expenditures in these funds in the 2024 adopted budget. The Clerk also did not properly record the actual expenditures incurred by the Town for NYSLRS contributions in 2024.

As a result, in 2024, recorded expenditures for NYSLRS contributions were overstated for the general fund by \$22,772 and understated for the highway, water district and sewer district funds by \$8,547, \$1,935 and \$1,541, respectively (Figure 2). Because the water district and sewer district funds have different tax bases than the general fund, the improper allocation of these expenditures resulted in taxpayer inequities because the general fund subsidized the water district and sewer district funds' operations. In addition, while the general and

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1 Refer to Appendix C for information on our sampling methodology.

2 Ibid.

highway funds have the same tax base, the improper allocation of these expenditures resulted in the highway fund's actual cost of operations being understated in 2024.

**Figure 2: 2024 Allocation of Expenditures for NYSLRS Contributions**

Fund	Amount Recorded	Actual Balance	Overstated / Understated
General	\$148,833	\$126,061	\$22,772
Highway	78,100	86,647	-8,547
Water District	0	1,935	-1,935
Sewer District	0	1,541	-1,541
<b>Total</b>	<b>\$226,933</b>	<b>\$216,184</b>	<b>\$10,749</b>

The Supervisor's lack of oversight of the Clerk's duties related to maintaining the accounting records contributed to the Town's accounting records being incomplete and inaccurate. The inadequately maintained accounting records prevented the Supervisor from being able to provide complete and accurate financial reports to the Board so it could effectively manage the Town's financial condition and make informed financial decisions.

## Recommendations

The Supervisor should:

1. Oversee the work performed by the Clerk on their behalf to ensure that the accounting records are complete and accurate.
2. Ensure the accounting records are adjusted to properly reflect the correct account balances.

The Board should:

3. Ensure expenditures for NYSLRS contributions are allocated to the proper funds.
4. Review the taxpayer inequities identified in this report and ensure the water district and sewer district funds properly reimburse the general fund.

## Finding 2 – Bank reconciliations were not prepared for all accounts or properly reviewed.

The Clerk did not prepare bank reconciliations for money market or investment accounts, and only prepared bank reconciliations for two of the four checking accounts. As a result, the Clerk did not prepare 42 of the 48 bank reconciliations (88 percent) that should have been prepared for the 16 operating bank and investment accounts that were open during the three months we selected.<sup>3</sup>

In addition, three of the six bank reconciliations prepared during our sample months were not independently reviewed. While the other three bank reconciliations prepared were provided to the Board for their review, they were not accompanied by general ledgers or bank statements to allow the Board the ability to verify that they were properly prepared.

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<sup>3</sup> Ibid.

We prepared 42 bank reconciliations for the 14 operating bank and investment accounts that were open and had corresponding cash or investment balances recorded in the accounting records during our sample months. For 14 of the 42 bank reconciliations (33 percent), the adjusted bank balances did not agree with the general ledger cash or investment balances at month's end. The discrepancies ranged from the adjusted bank balance exceeding the general ledger balance by \$4 to the general ledger balance exceeding the adjusted bank balance by \$38,779. These discrepancies primarily occurred because the Clerk did not record financial transactions in the accounting records accurately or in a timely manner.

Had the Board ensured bank reconciliations were prepared for all accounts and properly reviewed them, it may have identified and corrected recording errors in the accounting records.

## Recommendation

5. The Board should ensure complete and accurate bank reconciliations are prepared monthly, and along with general ledgers and bank and investment account statements, are independently reviewed and approved.

## Finding 3 – The Supervisor did not provide the Board with complete and accurate monthly reports.

For each month during the audit period, the Supervisor provided the Board with a monthly Supervisor report that contained details of the money received and disbursed, and reconciled cash and investment balances. However, the Supervisor did not provide the Board with monthly budget status reports comparing actual revenues and expenditures to amounts estimated in the annual budget during the audit period.

We reviewed three monthly Supervisor reports<sup>4</sup> during the audit period and determined that they were all inaccurate. This was because they each contained recorded cash and investment balances that were not the reconciled balances. In total, 27 of the 67 recorded cash and investment balances (40 percent) contained in the three monthly reports were not the reconciled balances. This included 15 balances that were overstated by amounts up to \$85,997 and 12 balances that were understated by amounts up to \$259,908. These discrepancies occurred because the reported cash and investment balances were generated from the inaccurate accounting records.

Without complete and accurate monthly financial reports, the Board could not effectively monitor financial operations or compare the results of operations to the adopted budget.

## Recommendation

6. The Supervisor should prepare and provide the Board with complete and accurate monthly reports that include reconciled cash and investment account balances and budget-to-actual comparisons for revenues and expenditures for each fund.

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<sup>4</sup> Ibid.

## Finding 4 – The 2024 AFR was incomplete and inaccurate.

The Clerk prepared the 2024 AFR using incomplete and inaccurate accounting records. As a result, the AFR was incomplete and inaccurate because adjustments were not made to correct the previously noted errors and deficiencies in the accounting records.

This also resulted in the total fund balances reported in the 2024 AFR for the highway, water district and capital projects funds being overstated by \$56,425, \$3,344 and \$435,934, respectively, and for the general and sewer district funds being understated by \$103,179 and \$6,841, respectively (Figure 3).

**Figure 3: 2024 AFR Total Fund Balances**

Fund	Amount Recorded	Actual Balance	Overstated / Understated
General	\$1,292,035	\$1,395,214	-\$103,179
Highway	1,076,441	1,020,016	56,425
Water District	291,754	288,410	3,344
Sewer District	192,235	199,076	-6,841
Capital Projects	557,642	121,708	435,934
<b>Total</b>	<b>\$3,410,107</b>	<b>\$3,024,424</b>	<b>\$385,683</b>

The Clerk also did not properly report the fund balance classifications in the 2024 AFR. For example, although the general fund had restricted fund balance totaling \$160,423 (i.e., occupancy tax funds with restricted uses), restricted fund balance was not reported in the general fund.

The reporting errors resulted in the general and highway funds' unrestricted fund balances being overstated by \$119,311 and \$97,317 (Figure 4), respectively. As a result, the 2024 AFR made it appear that at fiscal year-end, the general and highway funds each had over 10 percent more than the actual amounts of unrestricted fund balance (fund balance that can be used to finance any of a fund's operations).

**Figure 4: 2024 AFR Fund Balance Classifications – General and Highway Funds**

Fund Balance	General Fund Amount Reported	General Fund Restated Balance	General Fund Overstated / Understated	Highway Fund Amount Reported	Highway Fund Restated Balance	Highway Fund Overstated / Understated
Nonspendable	\$0	\$62,067	-\$62,067	\$0	\$40,892	-\$40,892
Restricted	0	160,423	-160,423	0	0	0
Assigned Appropriated	175,000	175,000	0	275,000	275,000	0
Unrestricted	1,117,035	997,724	119,311	801,441	704,124	97,317
<b>Total</b>	<b>\$1,292,035</b>	<b>\$1,395,214</b>	<b>-\$103,179</b>	<b>\$1,076,441</b>	<b>\$1,020,016</b>	<b>\$56,425</b>

The incomplete and inaccurate AFR prevented the Board, residents and other interested parties from accessing reliable financial information to measure the effectiveness of the Town's operations and its overall fiscal health.

## **Recommendation**

7. The Board should ensure the financial information presented in the AFR is complete, accurate and supported by the accounting records.

## **Finding 5 – The Board did not perform an annual audit of the Supervisor's records.**

The Supervisor did not provide an annual accounting to the Board for 2024. The Board also did not audit, or contract with an independent public accountant to audit, the Supervisor's records for 2024. The Supervisor and Council members told us they were unaware of the annual audit requirement. Had the Board performed the annual audit, it may have observed the deficiencies that we identified during the audit and corrected them in a timely manner.

## **Recommendation**

8. The Board should annually audit the Supervisor's records or contract with an independent public accountant to conduct the audit.

# Appendix A: Profile, Criteria and Resources

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## Profile

The Town is located in Essex County and is governed by the elected five-member Board which includes the Supervisor and four Council members. The Board is responsible for general oversight of Town operations and finances. The Town's fiscal year is from January 1 through December 31. The Town has a population of approximately 400 residents.

## Criteria

A town supervisor, as chief fiscal officer, should maintain financial records that provide a complete and accurate accounting of all financial transactions. If the town supervisor assigns these duties to another official (e.g., clerk to the supervisor), the town supervisor should provide adequate oversight of their work because the town supervisor is still responsible for the financial records' completeness and accuracy.

The accounting records should document the assets, liabilities, fund equity and results of operations (revenues and expenditures) for each fund. Because capital projects are budgeted on an individual project basis, and legal and contractual requirements may vary from one project to another, town officials should establish an individual fund for each authorized project and maintain corresponding accounting records for each. In addition, because some of the town's financial transactions could affect different tax bases, town officials must ensure the town's financial activity is recorded in the proper funds to maintain equity among taxpayers.

Bank reconciliations allow for the timely identification and documentation of differences between the town's accounting records and bank and investment account balances. Bank reconciliations also serve as an internal verification of cash receipt and disbursement transactions. Therefore, a town board should ensure monthly bank reconciliations are prepared for all bank and investment accounts, and along with general ledgers and bank and investment account statements, are independently reviewed and approved.

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

GML Section 30 requires the supervisor to file an AFR with OSC within 60 days following the fiscal year-end and may be approved for a 60-day extension. The AFR provides the town board, town residents and other interested parties with the town's financial position at a point in time and a complete summary of the financial activities for the fiscal year. As such, the town board should have procedures in place to review the report to ensure it is complete, accurate and supported by the accounting records.

Town Law Section 123 requires the town supervisor to submit an annual accounting to the town board on or before January 20th for all money received and disbursed during the previous year and produce all books, records, receipts, vouchers and canceled checks or check images for the town board's inspection, unless a certified public accountant or public accountant is hired to audit the town supervisor's records within 60 days after the fiscal year-end. This annual accounting helps the town board fulfill its overall fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the books, records and supporting documents. The annual audit also helps identify conditions that need improvement and provides useful information to help the town board oversee the town's financial operations.

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

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The content below is a reproduced copy of the original response letter issued by Town officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,<sup>5</sup> and may have included changes to spelling and grammar. The substance of the content was not changed.

**Town of Newcomb**

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“Heart of the Park”

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**UNIT NAME: Town of Newcomb**

**AUDIT REPORT TITLE: Town Supervisor's Records and Reports**

**AUDIT REPORT NUMBER: 2026M - 15**

**Town of Newcomb Response to the Office of the State Comptroller Audit Report**

The Town of Newcomb acknowledges and agrees with the findings and recommendations contained in the Office of the State Comptroller's audit report. The Town Board, Supervisor, and Clerk to the Supervisor are committed to strengthening internal controls, improving financial oversight, and ensuring compliance with applicable laws, regulations, and accounting practices.

This response is also intended to serve as the Town's Corrective Action Plan (CAP). The Town has carefully reviewed each recommendation and developed the following corrective actions to address the deficiencies identified in the audit.

The Town Board will monitor the implementation of these corrective actions and ensure that the recommendations are implemented within the timeframes identified in this plan.

**Town of Newcomb Corrective Action Plan to the Office of the State Comptroller Audit**

**Recommendation 1**

The Supervisor should oversee the work performed by the Clerk on their behalf to ensure that the accounting records are complete and accurate.

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<sup>5</sup> <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

### **Corrective Action Plan**

1. The Town Supervisor will provide ongoing oversight of the work performed by the Clerk to the Supervisor to ensure that the accounting records are accurately maintained, transactions are properly recorded, and financial records reflect the correct balances. The Supervisor will periodically review accounting records, bank reconciliations, journal entries, and financial reports to ensure the accuracy and completeness of the Town's accounting records.

**Implementation Date:** January 2026

### **Responsible Party**

- Town Supervisor
- Clerk to the Supervisor

### **Recommendation 2**

The Supervisor should ensure the accounting records are adjusted to properly reflect the correct account balances.

### **Corrective Action Plan**

2. The Supervisor ensured that the Clerk to the Supervisor adjusted the Town's accounting records to properly reflect correct account balances.

**Implementation Date:** January 2026

### **Responsible Party**

- Town Supervisor
- Clerk to the Supervisor

### **Recommendation 3**

The Board should ensure expenditures for New York State and Employees' Local Retirement System (NYSLRS) contributions are allocated to the proper funds.

### **Corrective Action Plan**

3. The Town Board will ensure that NYSLRS contributions are allocated to the appropriate funds annually, including the Water District and Sewer District funds, based upon the employees and services attributable to each fund. The Board will review these allocations as part of the annual budget and financial review process to ensure proper cost distribution.

**Implementation Date:** Upon receipt of the next annual NYSLRS invoice.

### **Responsible Party**

- Town Supervisor
- Town Board
- Clerk to Supervisor

#### **Recommendation 4**

The Board should review the taxpayer inequities identified in this report and ensure the water district and sewer district funds properly reimburse the general fund.

#### **Corrective Action Plan**

4. The Town Board will ensure that the Supervisor and Clerk to the Supervisor have the water and sewer districts properly reimburse the general fund for the taxpayer inequities identified in the report.

**Implementation Date:** June 2026

#### **Responsible Party**

- Town Supervisor
- Town Board
- Clerk to the Supervisor

#### **Recommendation 5**

The Board should ensure complete and accurate bank reconciliations are prepared monthly, and along with general ledgers and bank and investment account statements, are independently reviewed and approved.

#### **Corrective Action Plan**

5. The Clerk to the Supervisor will prepare complete and accurate bank reconciliations on a monthly basis. Monthly bank reconciliations, together with the general ledger, bank statements, and investment account statements, will be provided to the Town Board for independent review and approval. The Town Board will review these records monthly to ensure that financial records are accurate, complete, and properly reconciled.

**Implementation Date:** January 2026

#### **Responsible Party**

- Town Board
- Town Supervisor
- Clerk to Supervisor

#### **Recommendation 6**

The Supervisor should prepare and provide the Board with complete and accurate monthly reports that include reconciled cash and investment account balances and budget-to-actual comparisons for revenues and expenditures for each fund.

#### **Corrective Action Plan**

6. The Clerk to the Supervisor on behalf of the supervisor will prepare and provide the Town Board with complete and accurate monthly financial reports. These reports will include reconciled cash and

investment account balances, as well as detailed revenue and expenditure reports for each fund. The reports will compare actual revenues and expenditures to the adopted budget to allow the Board to effectively monitor the Town's financial condition and operations throughout the year.

**Implementation Date:** January 2026

**Responsible Party**

- Town Supervisor
- Clerk to Supervisor
- Town Board

**Recommendation 7**

The Board should ensure the financial information presented in the Annual Financial Report (AFR) is complete, accurate and supported by the accounting records.

**Corrective Action Plan**

7. The Town Supervisor and Clerk to the Supervisor will maintain complete and accurate accounting records throughout the year and will provide monthly financial records and reports to the Town Board for review. The Supervisor and Clerk to the Supervisor will ensure that all accounting records are accurate and up to date so that the Annual Financial Report (AFR) is complete, accurate, and fully supported by the Town's accounting records. The Town Board will review the AFR prior to submission to help ensure the information reported is accurate and complete.

**Implementation Date:** Will be implemented with the filing of the 2026 AFR

**Responsible Party**

- Town Supervisor
- Clerk to Supervisor
- Town Board

**Recommendation 8**

The Board should annually audit the Supervisor's records or contract with an independent public accountant to conduct the audit.

**Corrective Action Plan**

8. The Supervisor and Clerk to the Supervisor will provide all financial records to the town board by January 20th of each year for the prior fiscal year for the Town Board to perform an annual audit of the Supervisors records to ensure completeness and accuracy of the financial records.

**Implementation Date:** January 2027

**Responsible Party**

- Town Board

- Town Supervisor
- Clerk to Supervisor

Sincerely,

Mary Lamphear Town Supervisor

# Appendix C: Audit Methodology and Standards

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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 Town officials and reviewed financial records and reports to gain an understanding of the Town's procedures for maintaining accounting records, preparing bank reconciliations and reporting financial transactions.
- We reviewed the accounting records during the audit period to determine whether separate accounting records including assets, liabilities, fund equity, revenues and expenditures were maintained for each fund. We also determined whether separate funds were maintained for financial transactions that should have been accounted for in another fund maintained in the accounting records.
- We reviewed all cash, investment, receivables (e.g., accounts receivable and water rents receivable), prepaid expenses, accounts payable and BAN payable accounts recorded or that should have been recorded in the accounting records for the general, highway, water district, sewer district and capital projects funds as of December 31, 2024 to determine whether they were properly recorded and accurate. We also reviewed all cash and investment accounts recorded in the accounting records for the general, highway, water district, sewer district and capital projects funds as of September 30, 2025 to determine whether they were properly recorded and accurate.
- We used our professional judgment to select a sample of 10 revenue accounts and 10 expenditure accounts recorded in the accounting records for the general, highway, water district, sewer district and capital projects funds as of December 31, 2024 and September 30, 2025 to determine whether they were accurate and recorded in the proper fund. Our samples of revenues and expenditures each consisted of five general fund accounts, two highway fund accounts, one water district fund account, one sewer district fund account and one capital projects fund account. We selected revenue accounts based on the account balance amounts, and expenditure accounts based on the account balance amounts and included expenditure accounts with various object codes.
- We reviewed the expenditures that were incurred for NYSLRS contributions in 2024 to determine whether they were properly allocated to each of the operating funds.
- We used our professional judgment to select a sample of 15 journal entries that were recorded during the audit period to determine whether they were supported by sufficient documentation, for appropriate purposes, properly recorded and independently reviewed and approved. Our sample consisted of selecting, without any known bias, journal entries with transaction dates throughout the audit period.
- We used a computerized random number generator to select three months during the audit period (April 2024, November 2024 and May 2025) to determine whether monthly bank reconciliations were prepared, agreed with the general ledger cash or investment balances and were independently reviewed. This review consisted of 16 bank and investment accounts for each of the three sample months.
- We assessed the adequacy of the monthly financial reports the Supervisor provided to the Board during the audit period.

- We used a computerized random number generator to select three monthly Supervisor reports during the audit period (February 2024, July 2024 and March 2025) to determine whether the cash and investment balances reported were the reconciled balances.
- We compared all asset and liability accounts and the total revenues and expenditures recorded in the accounting records at fiscal year-end 2024 for each fund to the corresponding balances reported in the 2024 AFR to determine whether they agreed.
- We reviewed all cash, investment, receivables (e.g., accounts receivable and water rents receivable), prepaid expenses, accounts payable and BAN payable accounts reported or that should have been reported and the fund balance classifications and total fund balances reported in the 2024 AFR for the general, highway, water district, sewer district and capital projects funds to determine whether they were properly reported and accurate.
- We used our professional judgment to select a sample of 10 revenue accounts and 10 expenditure accounts reported in the 2024 AFR for the general, highway, water district, sewer district and capital projects funds to determine whether they were accurate and reported in the proper fund. Our samples of revenues and expenditures each consisted of five general fund accounts, two highway fund accounts, one water district fund account, one sewer district fund account and one capital projects fund account. We selected revenue accounts based on the account balance amounts, and expenditure accounts based on the account balance amounts and included expenditure accounts with various object codes.
- We interviewed Town officials and reviewed Board meeting minutes to determine whether the Supervisor provided an annual accounting of their records to the Board and whether the Board audited, or contracted with an independent public accountant to audit, the Supervisor's records for 2024.

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.

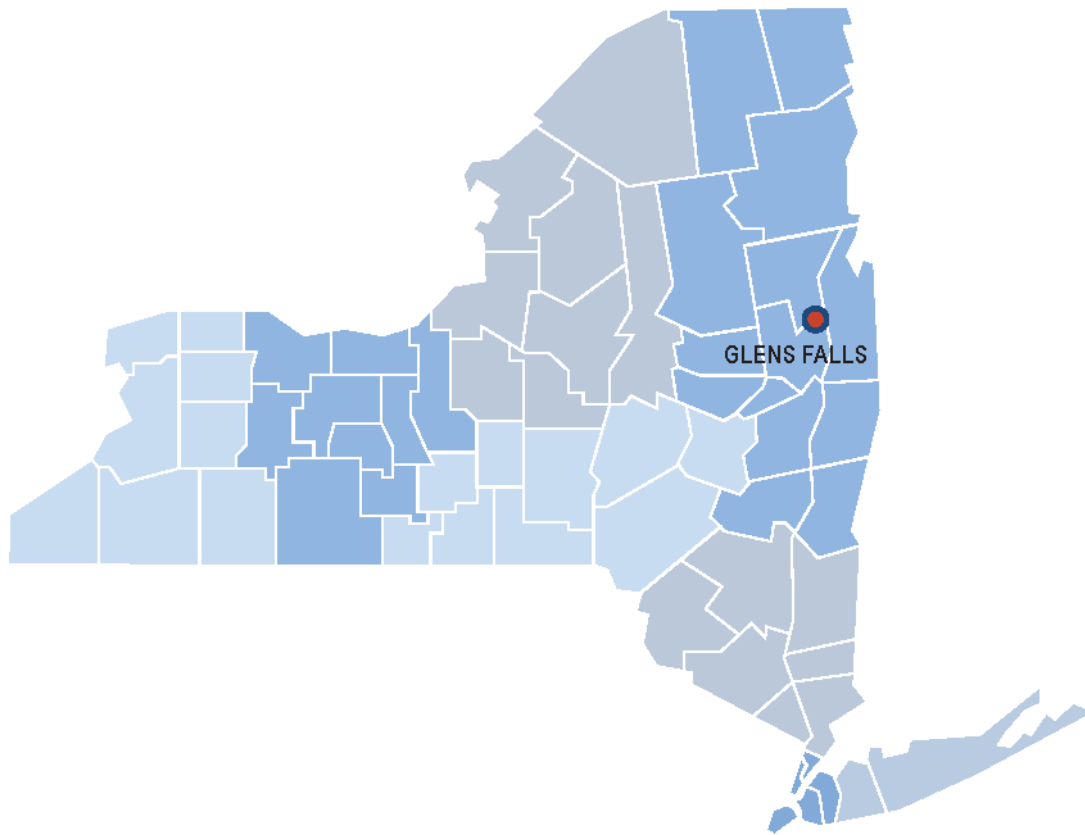
# Questions?

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