New York State Comptroller
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Transparency of Fiscal Activities in Towns

Prepared by the Division of Local Government and School Accountability

Table of Contents

Executive Summary

One in six New York State (NYS) towns failed to file their required Annual Financial Report (AFR) for fiscal year 2025, reducing transparency for approximately 1 million residents and limiting public access to financial information associated with more than $389 million in local property taxes.

Timely financial reporting is essential to government accountability and transparency. Complete, accurate and timely financial information enables governing boards to monitor a town's financial condition, make informed financial decisions, establish future tax levies, plan for long-term operating and capital needs and demonstrate responsible stewardship of public resources. It also provides taxpayers, the Office of the State Comptroller (OSC), legislators, credit rating agencies and other interested parties with information needed to evaluate a town's financial condition and help identify potential fiscal issues before they become more significant.

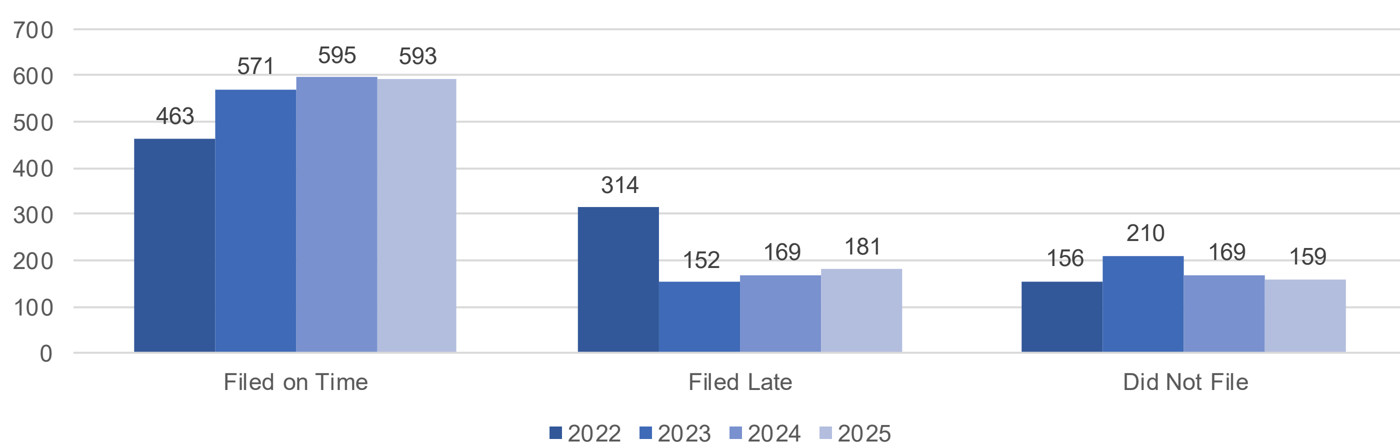
NYS law requires each town's chief fiscal officer (CFO)[1] to file an AFR with OSC within 60 to 120 days after the close of the fiscal year[2] and make reports available to the public.[3] The AFR provides a comprehensive summary about the town's financial condition and operating results, including revenues, expenditures, debt, fund balance, cash reserves and other key financial information essential for transparency, accountability and informed decision making.

For fiscal year 2025:[4]

- 593 towns (64 percent) filed the AFR on time.
- 181 towns (19 percent) filed the AFR after the statutory deadline.
- 159 towns (17 percent) did not file the AFR.[5]

Although the percentage of towns filing on time improved from 50 percent for 2022 to 64 percent for 2025, the number of towns that failed to file, as of June 30 of the next fiscal year, increased slightly from 156 towns for 2022 to 159 towns for 2025 (Figure 1). In addition, 17 towns[6] did not file an AFR for each of the four fiscal years from 2022 through 2025, reflecting persistent noncompliance.

Figure 1: Town AFR Filing (4 Years) for fiscal years 2022-2025[7]



NYS's 933 towns vary significantly in size and financial complexity, ranging from fewer than 30 residents with a $269,200 annual budget to more than 793,400 residents with a $322 million annual budget. Regardless of size, towns are responsible for managing public resources and delivering essential services, such as street maintenance and improvement, snow removal, water and sewer services, refuse collection, ambulance services and fire protection. For fiscal year 2025, town boards[8] adopted real property tax levies totaling approximately $2.9 billion, with property tax payments accounting for 46 percent[9] of the total $6.3 billion[10] in total town revenues.

The 159 towns that did not file their 2025 AFR serve approximately 1 million residents and levied approximately $389.2 million in property taxes. The Mid-Hudson and Capital District regions accounted for the largest share of the non-filers tax levies, totaling $275.5 million, while the other seven regions accounted for $113.7 million (Figure 2).

Figure 2: Total Non-Filer Town Tax Levy By Region (in Millions)[11]

Region	Number of Non-Filer Towns	Total 2025 Tax Levy (Rounded)
Mid-Hudson	20	$239.4
Capital District	21	36.1
Southern Tier	28	31.0
Western New York	17	22.1
Central New York	24	19.2
Mohawk Valley	17	17.1
North Country	24	15.9
Finger Lakes	8	8.4
Long Island	0	0
Total	**159**	**$389.2**

Failure to file timely financial reports reduces transparency and accountability, limits the ability of governing boards and other stakeholders to evaluate a town's financial condition and reduces opportunities to identify and address fiscal issues before they become more significant. Delayed or missing financial reporting may also indicate weaknesses in financial management, staffing capacity or weak internal controls that place public resources at greater risk of mismanagement and loss. Because towns provide a broad range of essential public services and manage substantial taxpayer resources, timely financial reporting is critical to maintain public confidence and support sound fiscal oversight.

As part of its oversight responsibility, OSC conducted targeted outreach to towns that had not filed required AFRs. Between March 3, 2025 and July 29, 2026,[12] the fiscal year 2024 AFR filings made by 281 towns were enhanced by these efforts, improving the availability of financial information for local officials, taxpayers and other stakeholders.

Timely, reliable and publicly accessible financial reporting is essential to maintain transparency, strengthening accountability and supporting sound fiscal oversight. Consistent compliance with AFR filing requirements helps maintain public confidence, improves financial oversight and helps ensure local officials and stakeholders have the information necessary to identify and address financial challenges before they become more significant.[13]

Transparency of Fiscal Activities

Town boards should help ensure openness by making adequate financial information accessible and by performing annual audits. Ultimately, transparency serves as a cornerstone of good governance, promoting accountability, reducing opportunities for financial mismanagement, and ensuring that public funds are used effectively.

Most of the towns we selected did not file their 2024 AFR.

We selected 18 towns (Towns) across nine regions to review their fiscal year 2024 AFR filing status. We determined:

- 12 Towns did not file their AFR with OSC,
- Five Towns filed late, and
- One Town filed on time (see Appendix B).

All 18 Towns' CFOs were aware of the filing requirement.

Of the 17 Towns that did not file the AFR or did not file on time, the most common reasons Town Board (Board) members and CFOs gave us for not filing the fiscal year 2024 AFR were that the CFO had other priorities or that the financial records were incomplete, followed by vacancies or high turnover in accounting positions and need for training or technical assistance.

Only five of the 17 Towns filed their AFRs late, with an average delay of 256 days.[14] One Town filed its 2024 AFR but remained delinquent for its 2013 through 2023 AFR filings, with the Board's approval. Another Town filed its 2024 AFR after notification of the OSC audit. The transparency of a town's operations is compromised when the AFR is not filed in a timely manner. Without available financial information, town taxpayers have less ability to evaluate whether their tax dollars are spent in a prudent manner. OSC is available to answer questions[15] and continues to reach out to municipalities to explain the reasons for and to encourage timely AFR submissions.

CFOs had incomplete or inaccurate records and provided Boards with incomplete or no financial reports.

A town board needs accurate and timely financial information to effectively monitor actual results of operations against budget estimates and available fund balance. Town CFOs should report fiscal activities to the town board from properly maintained and up to date town records. Untimely or incomplete recording of transactions leads to incomplete or delayed reporting of financial information to the town board.

We determined eight of the 18 Towns we selected did not maintain complete and up to date accounting records. For example:

- Three Towns' accounting systems were not properly closed for over three years.
- One Town had significant variances between the adjusted bank balance for three bank accounts and the balance sheet cash book balance, ranging from $1.1 million to $4.9 million.
- One Town's bookkeeper provided the Board with inaccurate balance sheet information, including $165,250 in incorrect total liabilities and misclassified fund balances totaling $1.2 million.
- One Town's cash reported in the accounting records was understated by over $15,000.
- One Town Supervisor (Supervisor) did not maintain a general ledger, known as the master accounting record, and subsidiary ledgers for all transactions in fiscal year 2024.

- In another Town, the trial balances were not accurate. The Supervisor told us that the trial balances have been inaccurate since he started as Supervisor in 2019.

Other deficiencies outlined included a lack of independent review of the CFOs' bank reconciliations, significant variances between adjusted bank balances and book balances and no independent review of certified payroll records, resulting in overpayments. In five Towns, employees were not paid in accordance with the Board's approved rates, leading to $21,143 in potential overpayments to 13 employees for the fiscal year 2024. Without a proper review of the completed payrolls, errors could continue to occur and go unnoticed.

Because of the identified deficiencies with Town records, we question the reports the CFOs provided to the Boards. Of the 18 Towns reviewed, the CFOs at just two of the Towns provided complete and up-to-date financial reports to the Board, while the majority provided either incomplete reports, partial reports or no reports at all.

The CFOs who provided incomplete reports did so because they either maintained inadequate accounting records, or they provided reports that were late and no longer useful. The CFOs who provided the Board with only partial reports such as budget to actual status updates or trial balances, but not both, did so because they either did not maintain all necessary accounting records or were not aware that both reports should be presented to the Board. For the CFOs who did not provide any reports, one was not aware that he should share the reports with the Board, and the other told us that it happened because of turnover in the bookkeeper position, searching for and hiring a new Certified Public Accounting (CPA) firm and changing to a new accounting system – all of which happened at the beginning of 2024.

Without adequate financial information, the Towns' Boards may not be able to develop realistic budgets, adopt proper real property tax levies, monitor operations or create long-term plans. Furthermore, when financial information is not available to the public, taxpayers cannot assess a town's fiscal standing and may question whether real property tax increases are justified and needed. For example, 13 of the 18 Towns we reviewed raised real property taxes:

- Tax increases ranged from 1 to 10 percent from fiscal year 2023 to fiscal year 2025.
- Eight of the Towns had real property tax levy increases exceeding 5 percent.

Therefore, tax increases may not have been necessary, as decision making was limited.

Most of the Boards did not perform annual audits.

A town board is responsible for overseeing the town's financial operations and safeguarding its resources, and conducting, or providing for, an annual audit of the town supervisor's books and records.[16] The audit of these records should be thorough and sufficiently detailed to determine whether the CFO's accounting records are properly maintained, and reports are complete and accurate.[17]

Officials at two of the Towns told us that individual Board members, not the Board as a whole, audited the books and records for fiscal year 2024, and another Town Board documented its audit of the books and records in the Board meeting minutes. However, none of the three Boards maintained any documentation detailing what was reviewed or tested, and the results. There was no evidence that an annual audit was conducted for the other 15 Towns (83 percent).

The most common reason officials at these 15 Towns gave us for why the Boards did not perform or provide for a timely annual audit was that Board members were unaware that they should conduct or provide for an annual audit, followed by a lack of adequate accounting records and delays because the CFOs or CPAs were focused on other priorities. Without an audit, there is little independent verification that transactions are accurate, cash is properly accounted for, and records are complete and up to date. While a town board may outsource the audit function, ultimately it remains the town board's responsibility to ensure an audit of the town financial records is performed, such as using OSC guidance available to, and for, town boards.[18]

When a town board does not fulfill its oversight responsibility to perform an annual audit, errors and irregularities may occur.

Conclusion

Town boards should uphold their fiscal duties and promote transparency by ensuring the timely availability of financial information and performing annual audits. These actions are essential to the town board's role of overseeing the town's policy, financial and ethical framework within which a Town operates.

OSC continues to be a valuable resource for local officials about the statutory filing deadlines and to assist as needed. OSC maintains an online resource that highlights the importance of the AFR and tracks non-filers, and it includes a tool for officials and the public to check the filing status of local governments.[19]

Town board members can attend applicable and beneficial training sessions to obtain a better understanding of their duties. Training provided by OSC can be found at: https://www.osc.ny.gov/local-government/academy

Ultimately, transparency is a cornerstone of good governance. It promotes accountability, reduces the risk of financial mismanagement, and ensures that public funds are used effectively and for their intended purposes.

Appendix A: Background and Relevant Laws

A town is a municipal corporation that serves the residents of a specific geographical location. Towns vary in size; for example, there are 933 towns in NYS, ranging in size from fewer than 30 residents to more than 793,400, collectively encompassing over 9.1 million residents.[20]

Towns are governed by an elected town board, generally composed of a town supervisor and town board members. The town board is responsible for managing and overseeing the town's operations, including funding the annual budget, providing adequate information to the public regarding the town's financial condition and safeguarding its resources from theft or abuse. In light of a town board's oversight responsibility, it can establish an office of the town comptroller and appoint an individual to the position to perform certain town accounting duties, as well as maintain the town's financial records.[21]

A town supervisor, along with other department heads, is responsible for the day-to-day management. Generally, the town supervisor is the town's CFO and is responsible for maintaining the town's financial records and reports. If a town has a town comptroller position, that individual is responsible for maintaining the town's financial records, as required by Town Law Section 124. The accounting records maintained by the town supervisor or the town comptroller should be up-to-date and should document assets, liabilities, fund balance and results of operations (revenues and expenditures) for each town fund, and also include an accurate and complete accounting of all funds received and disbursed in the format directed by the town board, as required by Town Law Section 29.

Further, as it is essential that the town board receives regular financial reports to fulfill its responsibility for monitoring fiscal operations throughout the fiscal year, the town supervisor or town comptroller should provide the board with routine interim reports that summarize financial activities. A town'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.

A town board should annually audit, or provide for an audit, a town supervisor's books and records. As a best practice, a town board should provide for a thorough and sufficiently detailed audit of the town comptroller's financial records to determine whether they are properly maintained, complete and accurate.

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 annual audit of the town's books and records by a CPA or public accountant should be completed in a timely manner after the end of the town's fiscal year to, at a minimum, provide the town board with an opportunity to assess the effectiveness of financial operations.

Furthermore, GML Section 30 requires the town supervisor or town comptroller to prepare and file the AFR of the town's financial position and results of operations with OSC within 60 to 120 days[22] 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 or comptroller 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 the town supervisor or town comptroller to use the AFR filed with OSC as an alternative to making available the prior year's annual accounting to the town 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, and
- GML Section 30 which requires a town to make the AFR accessible to the public on its official website.

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, including:

- *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

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: Selected Towns – Facts

Figure 3: Selected Towns – Facts

Town[23]	Region	Population	2025 Operating Budget[24]	2025 Tax Levy[25]	Last AFR Filed[26]	Annual Audit of Fiscal Year 2024
Brant[d]	Western New York	1,912	$2,097,000	$526,000	2021	No
Butternuts[d]	Southern Tier	1,665	2,220,000	866,000	2019	Yes
Catharine	Southern Tier	1,651	908,000	408,000	2023	No
Clermont	Capital District	2,058	1,404,000	105,000	2021	Yes
Coventry	Southern Tier	1,516	1,114,000	414,000	2021	No
Davenport[ad]	Southern Tier	2,955	1,551,000	1,130,000	2024	No
Fremont	Mid-Hudson	1,161	1,205,000	1,036,000	2016	No
Greenville[a]	Capital District	3,741	2,560,000	1,906,000	2024	No
Knox[d]	Capital District	2,635	2,834,000	267,000	2020	No
Lewis	North Country	844	1,152,000	653,000	2022	Yes
Marathon	Central New York	2,038	1,172,000	413,000	2023	No
Morehouse[b]	Mohawk Valley	92	975,000	700,000	2024	No
New Hudson[a]	Western New York	792	886,000	586,000	2024	No
Palermo[d]	Central New York	3,470	2,575,000	1,469,000	2020	No
Pamelia	North Country	3,343	1,984,000	No Levy	2022	No
Sodus[d]	Finger Lakes	8,028	3,888,000	1,497,000	2021	No
Steuben[acd]	Mohawk Valley	1,081	1,047,000	473,000	2024	No
Union[ad]	Southern Tier	56,138	21,898,000	7,228,000	2024	No
Totals		**95,120**	**$51,470,000**	**$19,677,000**		

a) Filed AFR late
b) Filed 2024 AFR, remained delinquent for 2013 through 2023 AFRs.
c) Filed AFR after audit notification.
d) Did not maintain up to date accounting records.

Appendix C: Persistent Non-Filer Towns – Fiscal Years 2022 through 2025

Figure 4: Persistent Non-Filer Towns - 2022 through 2025[27]

Town	Region
Baldwin	Southern Tier
Brant	Western New York
Butternuts	Southern Tier
Carrollton	Western New York
Cato	Central New York
Coventry	Southern Tier
Decatur	Southern Tier
Edinburg	Capital District
Freetown	Central New York
Hartsville	Southern Tier
Knox	Capital District
Mansfield	Western New York
Norway	Mohawk Valley
Palermo	Central New York
Taylor	Central New York
Van Etten	Southern Tier
Willing	Western New York

Notes

1 The town supervisor, with certain exceptions is the town's CFO. See Appendix A for more information.

2 The fiscal year of a town ends on December 31 of each year. 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. Towns, as appropriate, may request an extension of the filing deadline to extend the time to file up to a total of 120 days.

3 See Appendix A for background information on town operations, relevant laws and specific requirements.

4 OSC's website provides more information on AFR non-filers and the towns' current AFR filing status at: https://web.osc.state.ny.us/localgov/afr-non-filers/

5 Data as of June 30, 2026.

6 See Appendix C for the Persistent Non-Filer Towns – Fiscal Years 2022 through 2025.

7 As of June 30 of the subsequent fiscal year.

8 Only 774 of 933 town boards reported real property tax levies and revenues collected as of June 30, 2026.

9 The calculation is based on the towns that filed an AFR with OSC as of June 30, 2026.

10 The calculation is for the general fund and the highway fund town-wide, general part-town fund, and highway part-town fund, if applicable.

11 As of June 30, 2026.

12 AFR filing as of July 29, 2026.

13 The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS).

14 As of February 27, 2026.

15 See: https://www.osc.ny.gov/help/contact-us

16 See Appendix A for background information on town operations, relevant laws and specific requirements.

17 In light of a town board's oversight responsibility, it can establish an office of the town comptroller and appoint an individual to the position to perform the town's accounting duties, as well as maintain the town's financial records. As a best practice, a town board should provide for a thorough and sufficiently detailed audit of the town's records and reports to determine whether the accounting records are properly maintained, and that reports are complete and accurate.

18 See OSC's General Recordkeeping and CFO Checklist: https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf

19 Available at: https://web.osc.state.ny.us/localgov/afr-non-filers/

20 See: https://www.osc.ny.gov/local-government/resources/population-data-resources-and-publications

21 Under Town Law Section 20, a town board of any town of the first class, or any town of the second class with a population over 40,000 according to the latest federal census or State enumeration, may adopt a resolution establishing the office of the town comptroller and appoint an individual to serve in that position.

22 See Supra, endnote 2.

23 Except for the Town of Union, where the town comptroller serves as the CFO, the town supervisor serves as the CFO in the remaining 17 towns.

24 General/Highway Funds (Rounded)

25 Rounded.

26 As of February 27, 2026.

27 As of June 30, 2026.

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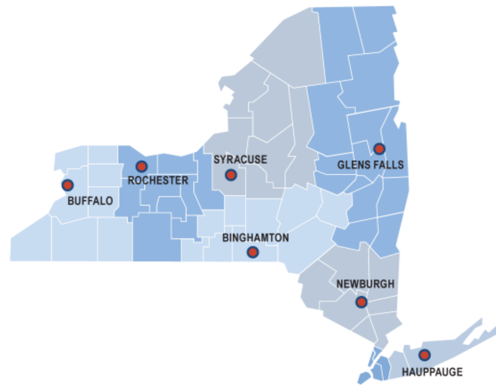

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