



# Village of Lake George

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## Records and Reports

**2024M-82 | September 2024**

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# Report Highlights

## Village of Lake George

### Audit Objective

Determine whether the Village of Lake George (Village) Treasurer maintained complete, accurate and timely records and reports to allow the Village Board (Board) to effectively manage the Village's financial operations.

### Key Findings

The Treasurer and former Board-appointed Secretary to the Mayor (Secretary) did not properly fulfill their responsibilities of maintaining complete, accurate and timely records, and the Board did not provide adequate oversight of the maintenance of the accounting records. As a result, the Village's financial condition was not properly reported in the Annual Financial Report (AFR). Without reliable accounting records and reports, the Village's fiscal health cannot be measured, and the Board's ability to manage the Village's financial operations was limited.

- Of the 15 journal entries reviewed, three were not properly recorded, 10 were not recorded timely and no one independently reviewed entries.
- The Treasurer did not always complete bank reconciliations and half of the reconciliations prepared were not supported. Adjusted bank balances did not agree with general ledger cash balances for 19 of the 28 bank reconciliations we prepared.
- The Board did not receive adequate monthly financial reports, annually audit the Treasurer's records per Village Law, Section 4-408 or ensure the accuracy of the AFR filed with the Office of the State Comptroller (OSC).

### Key Recommendations

The audit report includes 10 recommendations to help maintain proper accounting records and reports.

Village officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

### Audit Period

June 1, 2022 – February 29, 2024

### Background

The Village is located in the Town of Lake George (Town) in Warren County and is governed by an elected Board composed of a Mayor and four Trustees.

The Board is responsible for the general management and oversight of Village operations and finances. The Board includes two newly elected Board members who began a four-year term on April 1, 2023. The Mayor is the chief executive officer.

The Board-appointed Treasurer is the chief fiscal officer and custodian of all funds, responsible for maintaining accounting records and preparing monthly and annual financial reports. The Secretary assists with recordkeeping duties.

#### Quick Facts

|   |             |
|---|-------------|
| <b>2023-24 Appropriations (all funds)</b> | \$7,707,413 |
|---|-------------|

|  |  |
|--|--|
| <b>Recorded Accounts Payable Amount as of May 31, 2023</b> |  |
|--|--|

|                    |          |
|--------------------|----------|
| <b>Understated</b> | \$83,113 |
|--------------------|----------|

#### 2022-23 AFR Overstated Amounts

|                 |           |
|-----------------|-----------|
| <b>Revenues</b> | \$101,195 |
|-----------------|-----------|

|                     |           |
|---------------------|-----------|
| <b>Expenditures</b> | \$279,416 |
|---------------------|-----------|

# Records and Reports

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## How Should a Village Treasurer Maintain Accounting Records?

Village treasurers (treasurers) must maintain accounting records in a complete, accurate and timely manner so they are relevant and useful for managing village operations. The treasurer should document the assets and liabilities and results of operations (revenues and expenditures) for each fund in the accounting records and account for financial transactions in the proper fund. In addition, the treasurer should ensure that journal entries recorded in the accounting records are supported, properly recorded, posted in a timely manner, and independently reviewed and approved. If another individual assists the treasurer with these duties, the treasurer still maintains the responsibility for the accuracy and timeliness of the accounting records. A village board should provide oversight of the maintenance of the accounting records.

## The Treasurer Did Not Maintain Timely Accounting Records

The Treasurer did not maintain timely accounting records, which caused certain balance sheet, revenue and expenditure accounts to be inaccurate and incomplete throughout the fiscal year. We reviewed 11 asset and liability accounts, eight revenue accounts and 11 expenditure accounts<sup>1</sup> recorded in the accounting records with balances totaling \$10.3 million as of May 31, 2023 and \$8.9 million as of February 29, 2024. The asset and liability balances in the accounting records were generally accurate, except for variances in accounts payable, and minor variances in revenues and expenditures, which we discussed with officials.

As of May 31, 2023, the accounts payable balance was understated by \$83,113 because the Treasurer and the former Secretary did not properly recognize expenditures in the correct fiscal year. In addition, the Treasurer and the former Secretary did not maintain accounts receivable throughout the year, but rather recorded a balance at year-end based on their knowledge of outstanding invoices. For example, neither the former Secretary nor the Treasurer recorded a receivable for sewer charges and maintenance fees for the sewer district totaling \$484,951 billed to the Town on October 22, 2022 to track the outstanding balance owed throughout the fiscal year. Instead, the former Secretary recorded an accounts receivable balance in the general fund on June 20, 2023 for amounts owed as of May 31, 2023, based on the October invoice and additional support. In addition, sewer charges and maintenance fees for the sewer district billed to the Town on October 13, 2023, totaling \$675,916, were not recorded in the accounting records as general fund accounts receivable as of February 29, 2024.

We also reviewed 15 journal entries<sup>2</sup> recorded for financial transactions totaling \$2.4 million during our audit period. Three journal entries (20 percent) were not

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<sup>1</sup> Refer to Appendix B for information on our sampling methodology.

<sup>2</sup> Ibid.

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properly recorded. For example, the former Secretary did not recognize the total revenue received for the 2023-24 property taxes. The former Secretary recorded an entry in June 2023 that understated revenues by approximately \$150,000 for taxes raised to fund reserves.

While journal entries were generally supported, 10 journal entries (67 percent) were not recorded in a timely manner. For example, the journal entry to record the sewer district maintenance fee owed by the Town totaling \$32,500, which was billed on October 22, 2022, was recorded on June 20, 2023, or 241 days after the corresponding transaction occurred.

Officials did not identify these errors, including unrecorded transactions, because the Board did not provide oversight over the maintenance of the accounting records and no one independently reviewed journal entries.

Due to the Treasurer and former Secretary not properly fulfilling their responsibilities, along with the lack of adequate Board oversight of the maintenance of the accounting records, the Village's accounting records were incomplete, untimely, and unreliable during the fiscal year. Without reliable accounting records, the Board's ability to manage the Village's financial condition and make sound financial decisions is limited.

### **Why Should Officials Ensure Bank Reconciliations Are Prepared?**

Bank reconciliations help identify differences between the bank balances and the general ledger balances in a timely manner and they serve as an internal verification of deposit and disbursement transactions. The Village Treasurer is responsible for performing the Village's bank reconciliations. Board members and officials should ensure bank reconciliations are prepared and independently reviewed and approved monthly.

### **Officials Did Not Ensure Bank Reconciliations Were Prepared for All Bank Accounts in a Timely Manner or Reviewed**

The Treasurer did not prepare 10 of the 28 bank reconciliations (36 percent) that should have been prepared for the seven bank accounts open during the four months we selected.<sup>3</sup> The Treasurer did not prepare bank reconciliations for:

- The parking bank account for all four sample months, and
- One sample month (February 2024) for the other six bank accounts as of the end of our review (May 6, 2024).

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<sup>3</sup> Ibid.

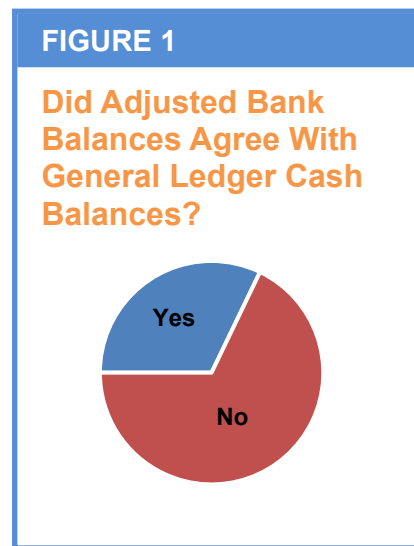
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Of the 18 bank reconciliations the Treasurer prepared for the sample months, nine were prepared on calculator tape and were not properly supported. The balances used by the Treasurer were not always supported by the accounting records and deposits in transit, and outstanding checks were not clearly identified. Further, no one independently reviewed the bank statements or the bank reconciliations the Treasurer prepared.

We prepared 28 bank reconciliations for the seven bank accounts that were open during our sample months. The adjusted bank balances did not agree with the general ledger cash balance at month-end for 19 of the 28 bank reconciliations (68 percent) (Figure 1).

The discrepancies ranged from the adjusted bank balance exceeding the general ledger cash balance by \$23,282 to the general ledger cash balance exceeding the adjusted bank balance by \$18,113. These discrepancies primarily occurred because officials did not record financial transactions in the accounting records properly or in a timely manner.

Had officials independently reviewed bank reconciliations and ensured they were prepared for all bank accounts in a timely manner, they may have identified and corrected the errors in the accounting records and unrecorded transactions. In addition, because bank reconciliations were not prepared in a timely manner, the Board's ability to monitor the Village's cash position and make informed financial decisions was hindered.



### **How Should Financial Information Be Reported?**

The treasurer should provide monthly financial reports to the Board to enable it to fulfill its responsibility of monitoring financial operations. Financial reports should include reconciled cash balances for each fund and comparisons of actual revenues and expenditures to amounts estimated in the annual budget (budget status reports).

The treasurer is required by General Municipal Law, Section 30 to file an AFR with OSC within 60 days following the close of the fiscal year and may be approved for a 60-day extension. The AFR provides a board, village residents and other interested parties with a village's financial position at a point in time and a complete summary of the financial activities for the fiscal year. A board

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should have procedures in place to review the report to ensure it is accurate and supported by the accounting records.

### **The Treasurer Did Not Provide Monthly Reports to the Board**

The Treasurer did not provide financial reports to the Board for 14 of the 21 months (67 percent) during our audit period. In addition, although the Treasurer and Village Clerk (Clerk) stated that the Treasurer provided financial reports to the Board starting in August 2023, there was no evidence of reports provided for five other months and Board members could not provide dates for when they began receiving financial reports. For example, financial reports were not retained in the files of other reports provided that were maintained by the Clerk, and the Clerk did not document in the Board meeting minutes that the Board received financial reports.

The Board signed and dated a sheet of paper that was labeled “financial statements” at the January 2024 and February 2024 Board meetings to indicate that they received financial information. However, the document did not indicate what financial reports were provided or the period the financial reports covered. The Treasurer stated that the financial reports consisted of balance sheet reports that reflected reconciled cash balances and other assets and liabilities and budget status reports. However, we could not confirm that these financial reports were provided or the accuracy of the reports because Village officials did not retain the financial reports that were provided to the Board. One Board member stated that they were unsure what the information in the reports meant and that the financial reports were recently provided to the Board based on our verbal recommendation to Village officials during the audit.

Without monthly financial reports, the Board cannot exercise adequate oversight of financial operations and be aware of the Village’s true financial condition.

### **The AFR Was Not Accurate and Not Supported**

The Village’s AFR was not accurate for the 2022-23 fiscal year because inaccurate accounting records were used to report the data. In addition to the recording inaccuracies identified earlier in this report, revenue and expenditure balances, general fund accounts receivable and water fund accrued liabilities were also not reported accurately. Revenues were overstated by \$101,195 and expenditures were overstated by \$279,416. For example, road maintenance expenditures totaling \$46,016 were duplicated and reported in two different road maintenance account codes. In addition, expenditures reported for off street parking were overstated by \$303,697<sup>4</sup> and the Treasurer could not provide an explanation for the variance.

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<sup>4</sup> The total overstatement of expenditures was lower due to other expenditures in our sample being understated.

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The Treasurer stated that she identified discrepancies when preparing the AFR and provided the former Secretary with adjustments to make within the accounting records. However, the Treasurer was unable to provide us with supporting documentation of what she provided to the former Secretary and the adjustments were not made. In addition, the Board was not aware of these discrepancies because they were not provided with, and did not request, the AFR to compare to the accounting records.

The lack of an accurate AFR prevented the Board, residents and other interested parties access to reliable financial information to measure the effectiveness of operations and the Village's overall fiscal health.

### **Why Should the Board Perform Annual Audits?**

A village board is required by Village Law, Section 4-408 to conduct an annual audit, or have a village officer, employee or independent public accountant audit the books, records, and documents of certain municipal officers and employees, such as a treasurer, who are responsible for receiving and disbursing village money. The audit should be thorough and sufficiently detailed to provide board members with an added measure of assurance that the financial records and reports contain reliable information on which to base financial decisions.

### **The Board Did Not Perform Annual Audits**

The Board did not audit, or contract with an independent public accountant to audit, the Treasurer's records for the 2022-23 fiscal year. The Mayor and three Board members stated that they were unaware of the annual audit requirement of the Village's records. Two of the Board members stated that this was their first year in office and they are not fully aware of all the requirements of a governing board.

Without an annual audit, the Board's ability to provide adequate oversight of financial operations is diminished. Further, the Board cannot be sure it has accurate financial information to make decisions and gauge the Village's financial condition. Had the Board performed the annual audit, the deficiencies found during our audit could have been identified and corrected sooner.

### **What Do We Recommend?**

The Treasurer should:

1. Maintain complete, accurate and timely accounting records.
2. Adjust the accounting records to properly reflect correct account balances.
3. Properly record and post journal entries in a timely manner.



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4. Prepare complete and accurate bank reconciliations monthly and provide bank reconciliations and bank statements to the Board.
  5. Prepare and provide the Board with monthly financial reports which include reconciled cash balances and budget-to-actual comparisons for each fund.

The Clerk should:

6. Retain monthly financial reports provided to the Board and document in the Board meeting minutes that the Board received them.

The Board should:

7. Provide oversight of the Treasurer's maintenance of the accounting records, review and approve bank reconciliations and ensure the Treasurer provides monthly reports.
8. Ensure the financial information presented in the AFR is accurate and supported by the accounting records.
9. Annually audit, or contract with an independent public accountant to audit, the Treasurer's records and reports.
10. Attend applicable and beneficial training sessions to enable them to better understand and perform their financial duties.

# Appendix A: Response From Village Officials



## VILLAGE OF LAKE GEORGE, NEW YORK

P.O. BOX 791  
12845  
RAYMOND A. PERRY  
Mayor  
JULIE K. ALLEN  
Clerk  
DANNAE J. BOCK  
Treasurer



TRUSTEES  
Joseph Mastrodomenico, Jr.  
John Root  
José Filomeno  
Alyson Miller  
518-668-5771  
Fax: 518-668-3735  
E-mail:  
lgvillageinfo@villageoflakegeorge.us

September 4, 2024

Village of Lake George  
Records and Reports  
Report #2024M-82

The Village of Lake George is in receipt of your office's draft Report of Examination of Accounting Records and Reports.

For each of the following recommendations included in the audit report, the following is the corrective action(s) taken place already or proposed. For the recommendation where corrective actions have not been implemented yet the Village has included an explanation in the implementation date section.

### Treasurer

#### Audit recommendations:

Maintain complete, accurate and timely records. Which will include posting all monthly journal entries, monthly banking account interest, reconciliation of bank statements (within 5 days of the beginning of the new month), balancing and providing the monthly financials to the Village Board, tracking and recording all receivables due to the Village.

#### Implementation Plan of Action(s):

The Treasurer will maintain all financial records without the assistance of the Secretary of the Mayor. Conflicting ways of properly fulfilling the duties hindered the timeliness in recording Journal Entries for both the Annual Financial Report as well as all monthly financial reports (financial statements and bank reconciliation, etc).

The monthly financial statement will give the Village Board supporting documentation such as cash balances and budget to actual comparison that they will need to review prior to acceptance and/or approve monthly. The financial statement will be presented to the Village Board at the monthly board/audit meeting and approved by the Board with a signature of acceptance.

The Clerk and the Treasurer are currently exploring the implementation of an accounts receivable module to be added to the current municipal software used by the Village. The new software will help in the accuracy of billing as well as collections. Unfortunately, due to some current intermunicipal contracted and shared services with adjoining municipalities there will be invoices billed months in advance of collection, this is because of requests so the municipality may accurately budget for their upcoming year.

#### Implementation Date and Person Responsible for Implementation:

The new plan of action was fully implemented in January 2024 and throughout the process which has begun to explore options for the accounts receivable software. This is all supported by the Village Clerk (Office Manager) as well as the Village Treasurer.

Web address: [www.villageoflakegeorge.us](http://www.villageoflakegeorge.us)

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**Clerk**

**Audit recommendations:**

Retain monthly financial reports provided by the Board and documents in the Board meeting minutes that the Board received them.

**Implementation Plan of Actions (s)**

The Clerk/Purchasing Agent/Office Manager of the Village completes the Purchasing Orders/Vouchers (with the assistance of the Payroll Clerk), minutes and maintenance paying the invoices, as well as maintaining all written records for the Village Board to approve.

**Implementation Date and Person Responsible for Implementation**

The plan for required signatures of approval as well as accurately recorded motions of approval by the Village Board for all financial reports, meeting minutes and department head reports and payable vouchers prior to checks being issued and will be noted in all public village meeting minutes. This policy and procedure will be implemented by the village clerk in January 2024.

**Village Board**

**Audit recommendations:**

The Board should provide oversight to the Treasurers maintenance of the accounting records, review and approve bank reconciliation or approve/instruct the clerk to ensure the Treasurer is providing accurate monthly reports.

**Implementation Plan of Action(s):**

At the monthly public board meeting the Village Board receives, approves and signs off on the monthly financials of the Village. Prior to the signing off the Village board is expected to review the financials, the meeting payables that have been processed and once approved ready for payment the next day.

After the Annual Financial Statement is filed with the Office of the New York State Comptrollers the Village Board will be responsible to perform their own independent audit of the Village records for the year. They will sign that they have audited and reviewed the yearly village records. They will also be given the opportunity to meet with the Treasurer or the Clerk to go over any questions they may have.

The Board is supplied with all training material and sessions responsible for educating themselves. (in person and webinars).

**Implementation Date and Person Responsible for Implementation:**

The Clerk has implemented the new Board's plan of action going forward. The Boards independent audit will be expected to be completed by the Mayor and the Village Board between September- November of each year. The weeklong review of the books will be set by the Treasurer and the Clerk each year.

As indicated throughout this Corrective Action Plan (CAP) the Village feels confident with each plan of action(s) that has been implemented already or is being evaluated for implementation.

Signed

Signed

Signed

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk/Office Mgr./ Purchasing Agent

\_\_\_\_\_  
Treasurer

## Appendix B: Audit Methodology and Standards

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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. 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 reviewed various financial records and reports and Board meeting minutes to gain an understating of the Village's procedures for maintaining accounting records, preparing bank reconciliations, reporting financial transactions and to determine whether the Board had audited, or obtained an audit of, the Treasurer's records for the 2022-23 fiscal year.
- We used our professional judgment to select and review 11 asset and liability accounts recorded in the accounting records as of May 31, 2023 and February 29, 2024 to determine whether they were properly recorded, accurate and supported. We also compared these accounts to the corresponding balances reported in the 2022-23 AFR to determine whether they agreed. We selected accounts based on fund, account balance amount and variances between the AFR and accounting records.
- We used our professional judgment to select a sample of eight revenue accounts and 11 expenditure accounts recorded in the accounting records as of May 31, 2023 and February 29, 2024 to determine whether they were accurate, recorded in the proper fund and supported. We also compared these accounts to the corresponding balances reported in the 2022-23 AFR to determine whether they agreed. We selected accounts based on fund, account balance amount and variances between the AFR and accounting records.
- We used our professional judgment to select a sample of 15 journal entries that were recorded for financial transactions during our audit period to determine whether they were supported, for appropriate purposes, properly recorded, posted in a timely manner, and independently reviewed and approved. Our sample included journal entries with transaction dates throughout our audit period.
- We used our professional judgment to select four months during the audit period (November 2022, May 31, 2023, October 31, 2023, and February 29, 2024) to determine whether monthly bank reconciliations were prepared, agreed with the general ledger cash balances and were independently reviewed. This review consisted of seven bank accounts for each of the four sample months.

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

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

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 General Municipal Law. 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 Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

**GLENS FALLS REGIONAL OFFICE** – Gary G. Gifford, Chief of Municipal Audits

One Broad Street Plaza • Glens Falls, New York 12801-4396

Tel (518) 793-0057 • Fax (518) 793-5797 • Email: [Muni-GlensFalls@osc.ny.gov](mailto:Muni-GlensFalls@osc.ny.gov)

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