



THOMAS P. DiNAPOLI
STATE COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

ROBIN L. LOIS, CPA
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

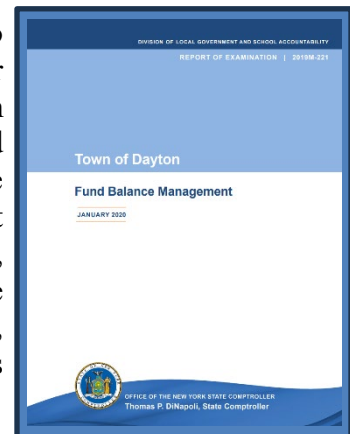
March 2025

Aaron Huber, Town Supervisor
Members of the Town Board
Town of Dayton
9100 Route 62
South Dayton, NY 14138

Report Number: 2019M-221-F

Dear Town Supervisor Huber and Members of the Town Board:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term strategies to enable and encourage town officials to reduce costs, improve service delivery and to account for and protect their town's assets. In accordance with these objectives, we conducted an audit of the Town of Dayton (Town) to assess the Fund Balance Management. As a result of our audit, we issued a report, dated January 2020,¹ identifying certain conditions and opportunities for the Town Board's review and consideration.



To further our policy of providing assistance to local governments, we revisited the Town in November 2024, to review progress in implementing our recommendations. Our follow-up review was limited to interviews with Town personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, the Town has not implemented sufficient corrective action. Of the nine audit recommendations, two recommendations were fully implemented. The current² Town Supervisor (Supervisor) and Town Board (Board) were unable to provide a reasonable explanation for the lack of corrective action with the remaining seven audit recommendations. (Also see the audit report *Town of Dayton – Supervisor's Records and Reports*

¹ <https://www.osc.ny.gov/files/local-government/audits/pdf/dayton-2019-221.pdf>

² The current Supervisor took office on January 1, 2024.

(2019M-189), released in January 2020³ and our follow-up review where we determined that none of the seven recommendations were implemented (2019M-189-F)⁴.

Recommendation 1 – Available Fund Balance

The Board should develop and adopt budgets that reasonably estimate amounts of available fund balance to appropriate.

Status of Corrective Action: Fully Implemented

Observations/Findings: We reviewed the reported 2023 year-end unrestricted fund balance for the Town-Wide general and highway funds and the amount of 2023 unrestricted fund balance appropriated for the 2024 budget and determined that amounts appropriated were reasonably estimated.

Recommendation 2 – Deficit Unrestricted Fund Balances

The Board should evaluate the financial activity in the Town-Wide (TW) general fund and TW highway fund and establish a plan to eliminate deficit unrestricted fund balances and ensure that those funds are self-sustaining (recurring revenues align with recurring expenditures).

Status of Corrective Action: Not Implemented

Observations/Findings: The Board did not establish a formalized written plan to eliminate deficit unrestricted fund balances and ensure that recurring revenues align with recurring expenditures. While the Town’s financial records report surplus unrestricted fund balance in the TW general fund as of December 31, 2023, of \$138,685, the TW highway fund reported an unrestricted fund balance deficit of \$95,695.

Recommendation 3 – Interfund Loans

The Board should ensure that the outstanding interfund loans are repaid.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Town’s financial records provided support that the outstanding interfund loans included in our 2019 audit report were repaid in 2024 and no additional interfund loans were recorded.

Recommendation 4 – Comprehensive Written Multiyear Financial and Capital Plans

³ <https://www.osc.ny.gov/files/local-government/audits/pdf/dayton-2019-189.pdf>

⁴ <https://www.osc.ny.gov/files/local-government/audits/2025/pdf/dayton-town-2019-189-f.pdf>

The Board should develop, adopt and routinely update comprehensive written multiyear financial and capital plans and use these plans during the budget development process.

Status of Corrective Action: Not Implemented

Observations/Findings: We discussed this recommendation with the current Supervisor, all current Board members and the Town Clerk (Clerk) and determined that comprehensive multiyear financial and capital plans were not developed and adopted as recommended. The current Board members and Supervisor told us that they were not aware of our 2019 audit report and its recommendations. However, one Board member was an active Board member at the time of our 2019 audit and would have been familiar with the prior audit findings and our recommendations.

Recommendation 5 – Budget Development

The Board should obtain the Highway Superintendent’s equipment inventory and evaluate and use this inventory during the budget development process.

Status of Corrective Action: Not Implemented

Observations/Findings: The Board did not evaluate and use the Highway Superintendent’s 2024 equipment inventory during the 2025 budget development process because the Board did not receive it from the Highway Superintendent until after the budget development process was complete. Similarly, while the Board received the 2023 inventory list, all five Board members told us it was not used for the development of the 2024 budget because they thought it was incomplete.

Recommendation 6 – Statutorily Required Annual Highway Expenditure Agreement

The Board should work with the Highway Superintendent to prepare and adopt the statutorily required annual highway expenditure agreement.

Status of Corrective Action: Not Implemented

Observations/Findings: The annual highway expenditure agreement for 2024 required by New York State Highway Law Section 284 was not prepared by the Highway Superintendent and adopted by the Board. All five Board members told us that the 2024 agreement was discussed but that an agreement between the Board and the Highway Superintendent on what work should be performed could not be reached so no formal development or adoption took place.

Recommendation 7 – Written Fund Balance and Reserve Policies

The Board should develop, adopt and routinely update comprehensive written fund balance and reserve policies.

Status of Corrective Action: Not Implemented

Observations/Findings: We determined that the Board did not develop, adopt and routinely update comprehensive written fund balance and reserve policies. The current Board members and Supervisor told us that they were not aware of our 2019 audit report and its recommendations. However, one Board member was an active Board member at the time of our 2019 audit and would have been familiar with the prior audit findings and our recommendations.

Recommendation 8 – Monthly Reports

The Board should ensure that it receives monthly budget status reports which are sufficient to review actual financial activity compared to the original and modified budgets.

Status of Corrective Action: Not Implemented

Observations/Findings: The Board did not ensure it received sufficient monthly budget status reports and consequently could not review and compare actual financial activity to the original and modified budgets. The current Supervisor told us that he was not aware that he should complete and distribute these reports to the Board. The current Supervisor began providing reports to the Clerk for distribution to the Board in November 2024. Because these reports were not completed and distributed in a timely manner, the Board would not have been aware of overspent appropriations, when budget modifications were needed or if modifications were made without approval. The Board diminished its ability to review historical trends and improve future budgeting estimates by not ensuring it received these reports.

Recommendation 9 – Budget Modifications

The Board should ensure that budget modifications are accurate, properly approved and are properly recorded.

Status of Corrective Action: Not Implemented

Observations/Findings: The Board did not ensure that budget modifications were accurate, properly approved, or properly recorded. The current Supervisor allowed expenditures to exceed certain appropriations in the 2024 budget and did not make needed budget modifications as required by New York State Town Law Section 125. As a result, the Board could not review and approve budget modifications for accuracy and proper recording. More importantly, the Board was not aware that expenditures exceeded certain appropriations. The current Supervisor told us that he thought he could make the required budget modifications at year end. He was not aware that they had to be made prior to a budgeted appropriation going over budget. When officials allow appropriations to be overspent, they erode their ability to maintain budgetary control and undermine the overall purpose for having a budget. In addition, even after discussing this with the current Supervisor in November 2024, he did not recommend any budget modifications to the Board during the December 2024 Board meeting.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage Town officials to continue their efforts to

fully implement our recommended improvements. While on site we provided the Board and Highway Superintendent with guidance related to the recommendations identified in our audit report and gave them information on how to access further information in the Office of the State Comptroller's publications and webinars.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Melissa A. Myers, Chief of Municipal Audits of our Buffalo Regional Office, at (716) 847-3647.

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller