



Town of Perth

Supervisor's Records and Reports

2024M-149 | April 2025

Contents

Report Highlights 1

Records and Reports 2

 How Should a Town Supervisor Maintain Accounting Records?. 2

 The Supervisor Did Not Maintain Accurate Accounting Records 2

 How Should a Supervisor Report Financial Information? 3

 The Supervisor Did Not Provide the Board with Adequate Monthly Reports 3

 The Supervisor Did Not File the AFR in a Timely Manner 4

 Why Should the Board Perform an Annual Audit of the Supervisor’s Records?. 4

 The Board Did Not Audit the Supervisor’s Records 4

 What Do We Recommend? 4

Appendix A – Response From Town Officials 6

Appendix B – Audit Methodology and Standards 7

Appendix C – Resources and Services. 9

Report Highlights

Town of Perth

Audit Objective

Determine whether the Town of Perth (Town) Supervisor (Supervisor) maintained complete, accurate and timely accounting records and reports to allow the Town Board (Board) to effectively manage the Town’s financial operations.

Key Findings

The Supervisor did not maintain complete, accurate and timely accounting records or provide adequate financial reports to the Board. For example, as of March 31, 2024 the general fund was overstated by \$584,018 and the highway fund was understated by \$123,066. As a result, the Board lacked reliable records and reports to manage the Town’s financial operations. The Supervisor also did not:

- Prepare any monthly bank reconciliations during our audit period, and the adjusted bank balances did not agree with the cash balance from the accounting records. The general fund and the highway fund cash balances as of March 31, 2024 were overstated by a combined total of \$460,952.
- File timely the Annual Financial Report (AFR) with the New York State Office of the State Comptroller (OSC) for fiscal year 2023.
- Provide the Board with adequate monthly financial reports.
- Provide the Board with his records for audit, as required by New York State Town Law Section 123.

The issues identified may have been detected had the Board annually audited the Supervisor’s records.

Key Recommendations

- Prepare monthly bank reconciliations for all bank accounts.
- Provide the Board with adequate monthly financial reports.
- Annually audit the Supervisor’s records.

Town officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Audit Period

January 1, 2023 – March 31, 2024.

We extended our audit period forward to December 17, 2024, to review the AFR filing status.

Background

The Town, located in Fulton County, is governed by an elected five-member Board composed of the Supervisor and four Board members.

The Board is responsible for the general oversight of Town operations and finances. The Supervisor, as chief fiscal officer, is responsible for receiving, disbursing and retaining custody of Town money, maintaining accounting records and providing financial reports to the Board.

Quick Facts	
2023 Appropriations	
General Fund	\$1,037,907
Highway Fund	\$935,713
Fire Protection	\$239,560
AFR Filed Late	
Fiscal Year	Days Late
2023	292

Records and Reports

How Should a Town Supervisor Maintain Accounting Records?

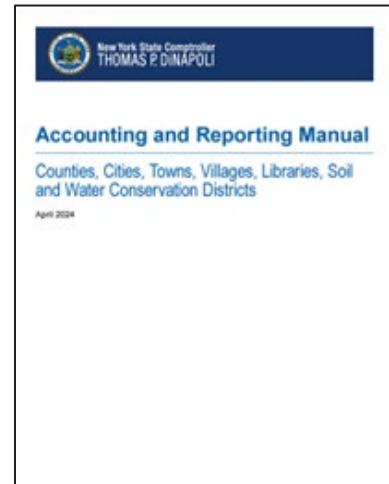
A town supervisor (supervisor) should maintain financial records that provide a complete and accurate accounting of all financial transactions. The accounting records should document the assets, liabilities, fund balance and results of operations (revenues and expenditures) for each town fund. A supervisor can accomplish this by reviewing and implementing the accounting and financial reporting guidance that is available on OSC's web page (Figure 1). The available information is provided to help ensure financial reporting is consistent, accurate and transparent. It also helps towns and other local governments provide clear, comparable information so a board, local officials and other stakeholders can make informed decisions.

A supervisor should also ensure bank account balances are reconciled to accounting records cash balances to allow for the timely identification and documentation of differences between a town's accounting record balances and bank balances. Bank reconciliations also serve as an internal verification of cash receipt and disbursement transactions. As such, a supervisor should ensure bank reconciliations are prepared and independently reviewed and approved monthly.

FIGURE 1

OSC Publication

*Accounting and Reporting Manual –
Counties, Cities, Towns, Villages, Libraries,
Soil and Water Conservation Districts*



Access this publication at: <https://www.osc.ny.gov/files/local-government/publications/pdf/arm.pdf>

The Supervisor Did Not Maintain Accurate Accounting Records

The Supervisor did not maintain accurate accounting records, which would allow the Board to make effective financial decisions. While revenues and expenditures were generally recorded accurately, the cash accounts in the accounting system were inaccurate. For example:

- The cash in the general fund was overstated by \$584,018 as of March 31, 2024 due to carrying over inaccurate account balances from prior years.
- The cash in the highway fund was understated by \$123,066 as of March 31, 2024 due to carrying over inaccurate account balances from prior years.

Additionally, the Supervisor did not prepare any bank reconciliations during the audit period because he was not aware of his responsibilities to ensure that the adjusted bank balances in the Town's bank accounts agreed to recorded book balances in the accounting records. He also told us that the Board never requested bank reconciliations from him.

We performed bank reconciliations for all 11 bank accounts that were open during the three months we selected during our audit period to determine the adjusted bank balances and compare them to the recorded cash balance in the accounting records. The adjusted bank balances did not agree with the cash balance in the accounting records for any of the bank accounts for the tested months. The cash

balances recorded in the accounting records for the general fund and the highway fund as of March 31, 2024 were overstated by a combined total of \$460,952.

Furthermore, the general fund had a liability (interfund advance) as of March 31, 2024 of \$911,423 which was not supported. The Supervisor recorded a journal entry to increase the liability amount by \$239,560 when he booked the 2023 fire protection contractual payment. However, he did make the proper accounting entries to clear the liability and reduce the cash balance in the general fund when the payment was made. The balance of \$671,863 in the liability account was improperly carried over from prior years.

Because the Supervisor lacked understanding of proper accounting for the annual fire protection contractual payments, he did not accurately record the related journal entries. In addition, the journal entries were not reviewed or approved by any other Town employee or official. The failure to maintain accurate accounting records and bank reconciliations increased the risk that unauthorized or inappropriate transactions could occur and go undetected. Additionally, without reliable accounting records and bank reconciliations, the Board's ability to manage the Town's financial condition and make sound financial decisions is limited.

How Should a Supervisor Report Financial Information?

A supervisor must provide a board with a monthly report detailing all money received and disbursed during the month. The report should also 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 Supervisor is required 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, town residents and other interested parties with a town's financial position at a point in time and a complete summary of the financial activities for the fiscal year. A board should have procedures in place to review the report to ensure it is accurate and supported by the accounting records.

The Supervisor Did Not Provide the Board with Adequate Monthly Reports

The Supervisor did not provide the Board with adequate monthly financial reports that would enable it to effectively monitor the Town's financial operations. Although the Supervisor generally provided a detailed monthly report for all money received and disbursed each month (supervisor's report) during the audit period, he failed to do so for two months. The Supervisor explained that he forgot to prepare the reports for January and February 2024. Furthermore, the Supervisor did not provide reconciled cash balances for each fund to the Board because he was not aware of this responsibility.

Additionally, the Supervisor did not provide budget status reports to the Board. Although he told us that he puts a copy of the budget status reports in the Board members' mailboxes, the Board members could not confirm that they received these reports. The supervisor's reports on file at the Clerk's office did not include budget status reports for any month during our audit period.

Without complete and accurate monthly financial reports, the Board is unaware of the Town's true financial condition and cannot exercise adequate oversight of financial operations.

The Supervisor Did Not File the AFR in a Timely Manner

The Supervisor did not file the 2023 AFR with OSC in a timely manner. The deadline to file the AFR for fiscal year 2023 was February 29, 2024. However, the Supervisor filed the 2023 AFR on December 17, 2024, or 292 days late. The Supervisor told us that he was not familiar with the system to file the AFR and he was overwhelmed with his responsibilities but has received guidance from OSC's help desk on how to file the AFR. By not filing the AFR timely, the Supervisor prevented the Board, residents and other interested parties' access to reliable financial information to measure the effectiveness of operations and the Town's overall fiscal health.

Why Should the Board Perform an Annual Audit of the Supervisor's Records?

To comply with Town Law Section 123, a supervisor must submit an annual accounting to a town board on or before January 20 for all funds received and disbursed during the preceding year and produce all books, records, receipts and canceled checks for inspection by the board, unless a certified public accountant or public accountant has been hired to audit the supervisor's records within 60 days after the close of the fiscal year. The annual accounting helps a board fulfill its fiscal oversight responsibilities by providing it with an opportunity to assess the reliability of the books, records and supporting documents. It also serves to identify conditions that need improvement and provides useful information to help a board oversee a town's financial operations.

The Board Did Not Audit the Supervisor's Records

The Supervisor did not provide an annual accounting and the Board did not audit, or contract with an independent public accountant to audit, the Supervisor's records for 2023. The Supervisor and the Board members told us they were not aware of the annual audit requirements. According to the Supervisor, he had been in office for over 20 years and could not recall if an annual audit was ever completed. Additionally, while the Supervisor told us he has attended local government training, he could not recall if the audit of the Supervisor's records was covered. Further, we spoke with two Board members, who told us that they have not attended any training on the duties and responsibilities of a governing board. Without a proper audit, the Board's ability to provide adequate oversight of financial operations is diminished. Had the Board performed the annual audits, the deficiencies found during our audit could have been identified and corrected sooner.

What Do We Recommend?

The Supervisor should:

1. Accurately record financial transactions in the accounting system.
2. Adjust the accounting records properly to reflect accurate account balances.

-
3. Prepare complete and accurate bank reconciliations monthly and ensure that the adjusted bank balances in the Town's bank accounts agree to the recorded book balances in the accounting records.
 4. Prepare and provide the Board with accurate monthly reports which include all money received and disbursed, budget status reports and reconciled cash balances for each fund.
 5. File the delinquent AFR and ensure subsequent AFRs are filed in a timely manner.
 6. Provide an annual accounting to the Board for all funds received and disbursed during the preceding year and provide all books, records, receipts and canceled checks for inspection by the Board.
 7. Attend training on the maintaining of governmental accounting records, such as the *Accounting School* training offered by OSC.

The Board should:

8. Ensure the Supervisor maintains accurate accounting records.
9. Ensure bank reconciliations are prepared monthly and, along with bank statements, are independently reviewed and approved.
10. Ensure the Supervisor provides adequate monthly reports to the Board to enable it to effectively monitor the Town's financial operation.
11. Ensure the Supervisor files the AFR timely.
12. Annually audit or cause to be audited the Supervisor's books and records as required.
13. Attend training on the oversight duties of elected officials, such as the *Newly Elected Town Officials* training provided by OSC.

Appendix A: Response From Town Officials



TOWN OF PERTH

1849 County Highway 107 • Amsterdam, New York 12010
Phone: 518-843-6977 • Fax: 518-843-6979

April 11, 2025

Gary G. Gifford
Chief of Municipal Audits
One Broad Street Plaza
Glens Falls, NY 12801-4396

Dear Gary,

I am writing to acknowledge receipt of the Report of Examination regarding an audit of the Town of Perth Supervisor's Records and Reports. [REDACTED] also conducted an exit discussion with me on Friday March 21, 2024. I have to say that in spite of the amount of work the audit created for me, I very much enjoyed working with them. The process proved to be very beneficial to myself and all of our Town officials.

During the process they found that revenues and expenses were recorded properly and that the issues with the accounting records were the result of incorrect general journal entries. During their time here we were able to determine the correct entries and they have been entered properly since March of 2024.

Also, during their time here, I began providing the Town Board members with a monthly packet that includes the following: monthly bank reconciliations, Supervisor's monthly statement, revenues, expenses, vouchers paid and a report of outstanding checks. This packet is emailed to the Board and a copy is emailed to the Town Clerk.

The 2023 AFR was filed in early December 2024 and the 2024 AFR was certified and filed on April 10, 2025. Prospectively I intend on bringing in an accountant with Governmental Accounting experience to help with the entries needed to match the accounting records to the bank account balances which will then allow for a true reconciliation every month. In closing, I very much enjoyed working with [REDACTED] and appreciate their willingness to educate myself and other Town officials and I plan to participate in OSC training to help us going forward. Please advise if I will still need to send a corrective action plan.

Sincerely,

 Gregory Fagan
Supervisor Town of Perth
supervisor@perthny.com
518-843-6977 ext 117

Appendix B: Audit Methodology and Standards

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 minutes to gain an understanding of the Town's procedures for maintaining accounting records, preparing bank reconciliations, reporting to the Board and the Board's oversight of financial operations, including the annual audit process.
- We reviewed the accounting records during our audit period to determine whether separate accounting records including assets, liabilities, fund equity, revenues and expenditures were maintained for each fund.
- We used our professional judgment to review all asset and liability accounts from the general fund, highway fund and fire protection fund recorded in the accounting records as of December 31, 2023, and March 31, 2024, to determine whether they were properly recorded and supported. Due to materiality, we did not include in our review accrued payroll liabilities.
- We used our professional judgment to select a sample of 10 revenue accounts totaling approximately \$2.7 million or 79 percent of all revenues recorded during the audit period to determine whether they were accurate and recorded in the proper fund. We selected revenue accounts based on high account balance amounts.
 - For December 31, 2023, the sample consisted of three general fund accounts, two highway fund accounts and one fire protection fund account.
 - For March 31, 2024, the sample consisted of one general fund account, two highway fund accounts and one fire protection fund account.
- We used our professional judgment to select a sample of 22 expenditure accounts totaling approximately \$1.9 million or 65 percent of all expenditures recorded during the audit period to determine whether they were accurate and recorded in the proper fund. We selected expenditure accounts based on high account balance amounts.
 - For December 31, 2023, the sample consisted of eight general fund accounts, three highway fund accounts and one fire protection fund account.
 - For March 31, 2024, the sample consisted of five general fund accounts, four highway fund accounts and one fire protection fund account.
- We used our professional judgment to select a sample of 24 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 all nine adjusting journal entries, all three journal entries related to the annual fire protection contractual payment and 12 payroll journal entries made during our scope period. We selected all payroll journal entries recorded in the first and last month

of our audit scope period and the month of the fiscal year-end within our audit period (four journal entries in each of the three months: January 2023, December 2023 and March 2024).

- We used our professional judgment to select three months within our 15-month audit period to determine whether monthly bank reconciliations were prepared, agreed with the accounting records cash balances and were independently reviewed. We selected the months of January 2023, December 2023 and March 2024 to capture the first and last months of our audit period and the month of the fiscal year-end within the audit period. The review consisted of seven bank accounts for January 2023 and 11 bank accounts for December 2023 and March 2024. In addition, we also reviewed all transactions from the bank statements, for the selected three-month sample, and traced them to the accounting records to determine whether revenues and expenditures were accurately recorded in the accounting records.
- We assessed the adequacy of the monthly financial reports the Supervisor provided to the Board during our audit period.
- We interviewed the Supervisor to determine whether the 2023 AFR was filed and the reason if not filed, and reviewed the OSC online reporting system to verify the filing status.
- We interviewed officials and reviewed Board minutes to determine whether the Board has audited, or obtained an audit of, the Supervisor's records and reports for the 2023 fiscal year.

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

Regional Office Directory

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

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

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

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

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

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

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

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

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
<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
Serving: Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington counties