**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

Mayor and Board of Trustees
Village of Menands, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Village of Menands, New York (Village), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 30, 2025, which contains unmodified opinions on each major fund, and an adverse opinion on the governmental activities because the Village has not maintained accounting records to support the completeness and accuracy of capital assets and depreciation on capital assets.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Village's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST + Co. CPAs, LLP

Latham, New York
October 30, 2025

BST

**Section II - Financial Statement Findings**

**2024-001: Internal Control Over Financial Reporting**

*Criteria:* The Village of Menands, New York's (Village) financial statements are required to be prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Trial balances supplied by the Village for audit required several adjusting entries to comply with U.S. GAAP. These correcting entries are included in the auditor's summary of recorded audit adjustments accompanying the Communications With Those Charged With Governance letter.

*Condition and cause:* Management of the Village did not prepare year-end accounting reconciliations to be compliant with U.S. GAAP. Material correcting entries impacted:

- Cash
- Investments
- Deferred revenue
- Accounts receivable
- Due from other governments
- Accounts payable
- Due to other governments
- Opening Fund Balance
- Various revenue and expenditure accounts

The opening fund balance of the General Fund and the opening net position of the governmental activities required restatements as disclosed in Note 1s to the financial statements. In addition, the Village did not maintain an itemized listing of capital assets at historical cost and did not calculate depreciation expense. Transition at the Treasurer level and a history of reliance on the external audit process to properly align the Village's books and records were noted.

*Effect or potential effect:* Audit procedures identified several adjusting entries necessary for the accurate presentation of the Village's May 31, 2024 financial statements in accordance with U.S. GAAP. Potential errors within capital assets are not estimable.

*Recommendation:* The Village should develop processes and controls that ensure journal entries and balance sheet account reconciliations are reviewed for accuracy and reasonableness, and that financial statements are prepared in accordance with U.S. GAAP.

*Views of responsible officials:* The Village understands the recommendation and is working to implement processes and controls to ensure accurate financial reporting in accordance with U.S. GAAP.