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Ann Leader, President
Members of the Company
Chenango Fire Company
86 Castle Creek Road
Binghamton, NY 13901

Report Number: 2014M-290

Dear President Leader and Members of the Fire Company:

The Office of the State Comptroller works to identify areas where fire company officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage fire company officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of the Chenango Fire Company (Company) which addressed the following question:

- Are Company controls adequate to ensure Company moneys are safeguarded and financial activity is properly recorded and reported?

We discussed the findings with Company officials and considered their comments in preparing this report. The Company's response is attached to this report in Appendix A.

Background and Methodology

The Company is incorporated under the New York State Not-For-Profit Corporation Law and is located in the Town of Chenango in Broome County. The Company provides fire protection to the Towns of Chenango, Dickinson and Barker¹ and four Broome County offsite facilities through fire protection contracts. The Company also receives additional revenue through donations (including hall rentals) and foreign fire insurance premiums. From January 2013 through August 2014, the company received approximately \$849,000 in revenues and disbursed \$482,000 in expenditures.²

¹ The Company covers fire protection district area #2 in each of the three towns.

² The Company also purchased a truck in 2013 for \$830,000 with debt proceeds of \$650,000 and reserve funds of \$180,000.

The Company operates in accordance with established bylaws and is governed by its members (currently around 70), including six elected Business Officers,³ who are responsible for the Company's overall financial management. The Treasurer acts as the Company's chief fiscal officer and is responsible for the receipt and custody of Company funds, disbursing and accounting for those funds and submitting records to the audit committee when called for. The Treasurer is also responsible for reporting to the membership all amounts received and expended and the payee of each expenditure at the monthly business meetings. In addition, the Company has a Board of Directors (Board), consisting of eight elected Directors and the Business Office President, who have separate meetings throughout the year, as needed. The Board acts as the audit committee and is responsible for auditing the Treasurer's records twice a year (which includes verification of the bank balances).

We examined the internal controls over the Company's financial operations for the period January 1, 2013 through September 9, 2014. We interviewed Company officials and reviewed financial records and meeting minutes. We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

Audit Results

Company members should establish adequate controls to ensure that Company moneys are safeguarded. This includes ensuring that financial activity is authorized and properly recorded and that financial reports are accurate.

Company controls are adequate to ensure that moneys are safeguarded and financial activity is properly recorded and reported. The Company adopted bylaws and established procedures to ensure that receipts were deposited and accurately recorded and disbursements were for legitimate Company purposes. We traced all five contracts' revenue receipts (totaling \$774,000) for the audit scope period to the accounting records and deposits with no exceptions. We also traced non-contract revenues (totaling approximately \$75,000⁴) from source documents to the accounting records and bank deposits and all bank transfers (totaling \$633,000). We only found minor exceptions which we verbally communicated to the Company officers. We also traced payee names, dollar amounts and check numbers from a sample of 53 canceled check images (totaling approximately \$109,000) to the accounting records and supporting documentation with no exceptions.

We thank the officials of the Chenango Fire Company for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo

³ Business Officers include the President, Vice-President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary.

⁴ We also traced the debt proceeds of \$650,000 with no exceptions.

APPENDIX A

RESPONSE FROM COMPANY OFFICIALS

The Company officials' response to this audit can be found on the following page.

