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January 30, 2015

Mark Henry, President  
Members of the Board of Directors  
Union Center Fire Company, Inc.  
1811 State Route 26  
P.O. Box 8800  
Endicott, New York 13762

Report Number: 2014M-303

Dear Mr. Henry and Members of the Board of Directors:

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 Union Center Fire Company, Inc. (Company) which addressed the following question:

- Are Company controls adequate to ensure that Company moneys are safeguarded?

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. Company officials agreed with our findings.

### **Background and Methodology**

The Company is incorporated under the New York State Not-For-Profit Corporation Law and is located in the Town of Union in Broome County. The Company's primary source of revenue is from contracts for fire protection services<sup>1</sup> for the Towns of Union and Maine. The Company receives additional revenue through donations, grants, hall rentals and foreign fire insurance premiums. From March 2013 through February 2014, the Company received approximately \$396,800 in revenues and incurred \$293,600 in expenditures.

The Company operates in accordance with established bylaws which stipulate that an elected Board of Directors (Board) is responsible for the Company's overall financial management. The

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<sup>1</sup> Fire protection contracts totaled \$387,300 for 2014.

Board is comprised of five elected members: four officers<sup>2</sup> and one member at large. The Treasurer acts as the Company's chief fiscal officer and is responsible for the receipt and custody of Company funds and for disbursing and accounting for those funds. The audit committee is responsible for an internal audit every six months that includes examining bank statements, deposit records and disbursements and for reporting to the Board the result of that audit.

We examined the internal controls over the Company's financial operations for the period March 1, 2013 through September 11, 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**

The Board and Company officials are responsible for overseeing the Company's fiscal activities and safeguarding its resources. To fulfill this duty, it is essential that the Board establish a system of internal controls, which consists of policies and procedures that ensure transactions are authorized and properly recorded; that financial reports are accurate, reliable, and filed in a timely manner; and that the Company complies with its bylaws and other applicable laws, rules and regulations, including the New York State General Municipal Law requirement for a code of ethics.

The Treasurer should maintain complete, accurate and timely records to account for all of the Company's financial activities and should prepare and submit a report at each monthly meeting. These reports are an important fiscal tool which provides the Board with information necessary to monitor Company operations and gives other interested parties a summary of the Company's financial activities. In addition, in accordance with the bylaws, the Treasurer should make disbursements when duly ordered by the Company. This procedure would help to ensure that Company funds are used for only legitimate Company expenditures.

The Board complied with applicable laws, rules and regulations, including the adoption of a code of ethics. The Board adopted bylaws and established procedures to ensure that receipts were deposited and accurately recorded and disbursements were for legitimate Company purposes. The Treasurer maintains complete, accurate and timely records and presents monthly reports of Company financial activities to the Board. Except for minor weaknesses which we discussed with Company officers, we determined that controls are adequate to ensure that moneys are safeguarded and financial activity is properly recorded and reported. We traced both contracts' revenue receipts (totaling \$773,100) for the audit period to the accounting records and deposits with no exceptions. We also traced non-contract revenues (totaling approximately \$5,300) from source documents to the accounting records and bank deposits and all bank transfers (totaling \$513,000) with no exceptions. In addition, we traced payee name, dollar amount and check number from a sample of 56 canceled check images (totaling approximately \$26,500) and verified that the checks were for legitimate Company purposes. Lastly, we verified three withdrawals for loan payments and a land purchase (totaling approximately \$172,400), with no exceptions.

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<sup>2</sup> The four elected officials are the President, Vice President, Treasurer and Secretary.

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

Sincerely,

Gabriel F. Deyo

## **APPENDIX A**

### **RESPONSE FROM COMPANY OFFICIALS**

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



# Union Center Fire Company Inc.

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Dear Audit committee:

It was a pleasure having you audit our company. It showed we are very close in our efforts to control our financials. We have no disagreements with the report we were presented. We have started to implement actions to address the inefficiencies that were pointed out. We are now identifying non-members renting the Hall, working to better track our orders as pointed out, and are trying to get more specific on our PO's for easier tracking.

Thank You

Mark E. Henry

President

Union Center Fire Co. Inc.