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November 2025

Robert Haney, Chairman
Members of the Board of Fire Commissioners
Newark Valley Fire District
7151 State Route 38
Newark Valley, NY 13811

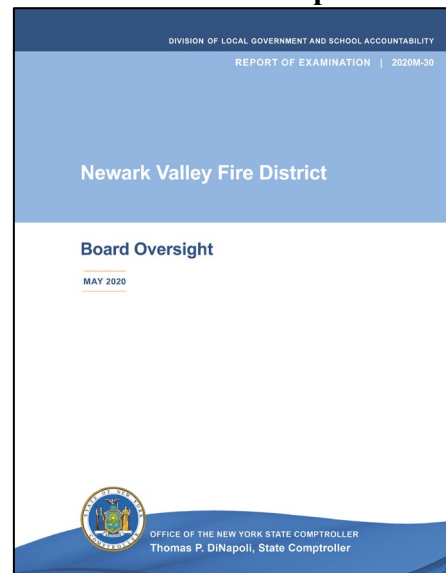
Report Number: 2020M-30-F

Dear Chairman Haney and Members of the Board of Fire Commissioners:

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 fire district officials to reduce costs, improve service delivery and to account for and protect their fire district's assets.

In accordance with these objectives, we conducted an audit of the Newark Valley Fire District (District) to assess whether District officials established adequate controls over financial activities to safeguard assets. As a result of our audit, we issued a report, dated May 2020, identifying certain conditions and opportunities for the Board of Fire Commissioners' (Board) review and consideration (Figure 1). In response to the audit, District officials filed a corrective action plan (CAP) with our Office in April 2020. The CAP identified the actions the Board planned to take to implement the audit recommendations. The Board consists of five members (Commissioners) including one who serves as Chairman.

Figure 1: Newark Valley Fire District 2020 Audit Report



<https://www.osc.ny.gov/files/local-government/audits/pdf/newark-valley-2020-30.pdf>

To further our policy of providing assistance to local governments, we revisited the District on September 16, 2025. Our follow-up review was limited to interviews with Commissioners and the

District's Secretary-Treasurer (Treasurer), inspection of certain documents related to the issues identified in our audit report and a review of the District's CAP.¹

Based on our limited procedures, the District has made some progress in implementing corrective action. Of the five audit recommendations, two recommendations were implemented, one recommendation was partially implemented, and two recommendations were not implemented. Until all recommendations are implemented, the Board cannot ensure District assets are fully safeguarded.

Recommendation 1 – Controls Over Community Hall Rentals

The Board should improve controls over community hall rentals, including utilizing a rental agreement form and press-numbered receipts for all rental fees collected.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated that on February 5, 2020, the Board "[A]dopted and implemented a new system and documents for the use of the community hall."

Observations/Findings: The Board directed the Treasurer to use rental agreement forms and issue press-numbered receipts for community hall rentals. We reviewed the supporting documentation for eight community hall rental fees collected in January 2025, totaling \$400. We determined that although the Treasurer used rental agreement forms, she did not issue press-numbered receipts for fees collected. The Treasurer told us she began using press-numbered receipts because of our recommendation, but the initial stock ran out in 2022 and she did not order more.

The Chairman and two Commissioners told us they were aware that the Treasurer stopped using press-numbered receipts, but rather than enforcing the adopted system, they trusted that the Treasurer was correctly recording the fees collected. However, the rental agreement forms were not press-numbered duplicate forms and, therefore, do not substitute for press-numbered duplicate receipts. Using press-numbered duplicate receipts helps establish accountability and ensure that receipted collections and subsequent bank deposits can be matched to the payment source and purpose and reduces the risk that a District official collecting cash may not record all collections or record collections for a lesser amount. Recording the amount collected on the District's copy of the rental agreement does not reduce these risks.

Recommendation 2 – Investment and Procurement Policies

The Board should adopt an investment policy and update the procurement policy as needed.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that on February 5, 2020, the Board adopted an investment policy and updated the District's procurement policy.

¹ See Appendix A for the District's CAP to the OSC audit report.

Observations/Findings: We reviewed the Board resolutions and policies and determined that on February 5, 2020, the Board adopted an updated procurement policy to include the current bidding thresholds in accordance with General Municipal Law (GML) Section 103, and adopted an investment policy which met the requirements of GML Section 39.

Recommendation 3 – Documentation of Quotes or Bids

The Board should retain documentation of quotes or bids obtained in accordance with the District's procurement policy.

Status of Corrective Action: Not Implemented

Corrective Action Plan: The District's CAP stated that the updated procurement policy adopted by the Board required retention of quotes or bids obtained.

Observations/Findings: The Board could not support verbal quotes (quotes) were obtained in accordance with the District's updated procurement policy.² The District's updated procurement policy requires claim vouchers (claims) to include documentation of competitive bidding (bids) for goods or services \$20,000 and above and three quotes for all purchases under \$20,000. We reviewed the District's claims for September 2025 and determined that the Board approved claims totaling \$2,169 that did not include documentation that the requisitioner obtained three quotes as required. The last claim requiring bids, from July 2024, contained documentation of the bids obtained.

The Chairman and the Treasurer told us, and two Commissioners confirmed, that the requisitioner typically told the Board that they conducted price comparisons. The Chairman told us that because the Board members trusted the District's members, they accepted the assertions of the requisitioners rather than require documentation of the quotes obtained. However, assertions are not a substitution for documentation and do not satisfy the requirements of the District's procurement policy. The Board cannot ensure the District is spending funds in the most economical manner and in accordance with District policy without requiring documentation of verbal quotes.

Recommendation 4 – Annual Audit of the Treasurer's Records

The Board should provide for an annual audit of the Treasurer's records, and obtain an external audit when required in the future.

Status of Corrective Action: Not Implemented

Corrective Action Plan: The District's CAP stated the Board was preparing a request for proposals for external audit services. The District's CAP was silent regarding an annual audit of the Treasurer's records.

Observations/Findings: Since we issued our audit report in May 2020, the District has not exceeded the revenue threshold that would require an external audit. However, the Board did not provide for

² The Board adopted the District's updated procurement policy on February 5, 2020. See Recommendation 2.

an annual audit of the Treasurer's records. The Chairman and two Commissioners told us that they were unaware that the Board should conduct its own annual audit of the Treasurer's records when an external audit is not required by New York State Town Law (Town Law) Section 181-b.3

However, as stated in our audit report and the corresponding recommendation, the Board should provide for its own annual audit of the Treasurer's records as well as obtain an external audit when required. When the Board does not provide for an annual audit of the Treasurer's records, there is an increased risk that the District's financial information is inaccurately reported and disbursements are improperly accounted for, impairing the Board's ability to monitor District financial operations and properly estimate needed real property tax levies.

Recommendation 5 – Annual Financial Report Filing

The Board should ensure that the Treasurer files the annual financial report (AFR)⁴ within 60 days of the close of the fiscal year.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated "The Board will monitor and work with the Treasurer. ..." to ensure the AFR is filed annually within 60 days of the close of the fiscal year.

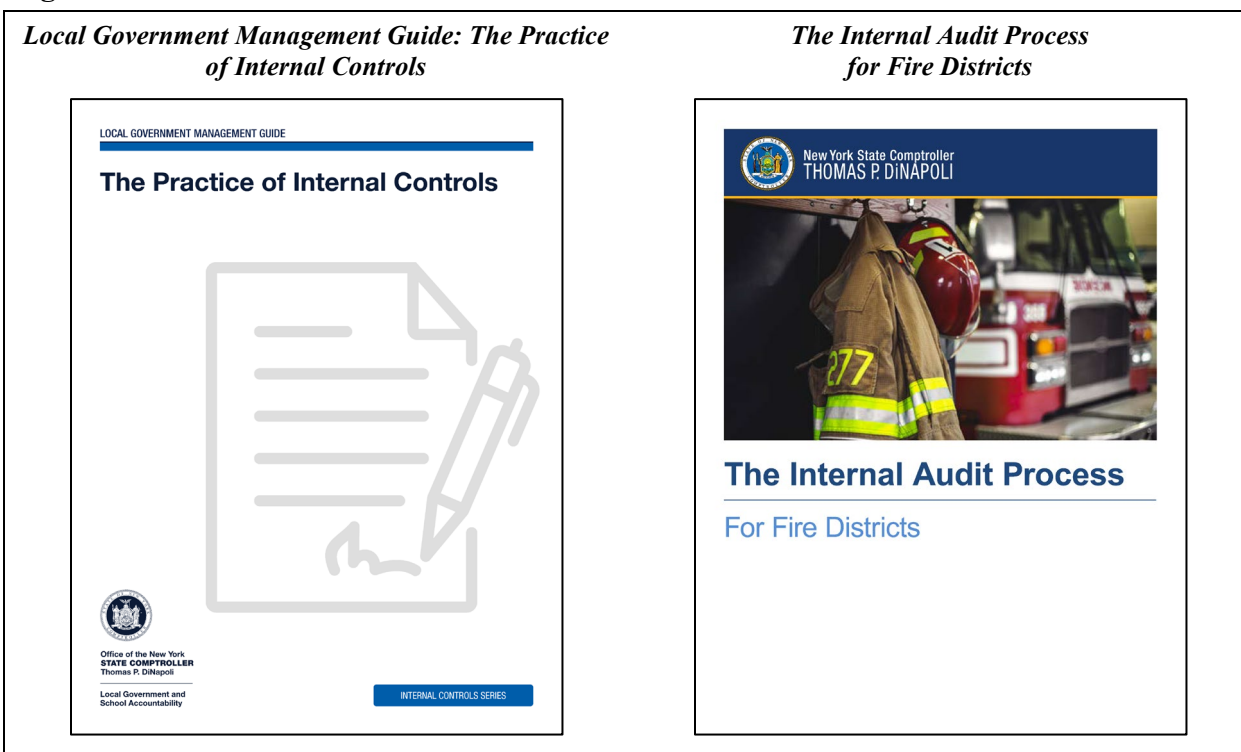
Observations/Findings: Prior to the issuance of our audit report, the Treasurer filed the 2017 AFR in January 2020 and the 2018 and 2019 AFR in March 2020. Since we issued our audit report, although the Treasurer filed the 2020 AFR 43 days late, the 2021 through 2024 AFRs were filed on time.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage District officials to continue their efforts to fully implement our recommended improvements. For additional guidance, District officials should refer to guidance available on the Office of the State Comptroller's web page, including our publications *Local Government Management Guide: The Practice of Internal Controls* and *The Internal Audit Process for Fire Districts* (Figure 2).

3 During our audit, Town Law Section 181-b required the Board to obtain an annual audit of the District's records by an independent certified public accountant or an independent public accountant when annual revenues were \$300,000 or more per fiscal year. As of November 2020, Town Law Section 181-b was amended to increase the revenue threshold, from \$300,000 to \$400,000 per fiscal year. During the 2020 through 2024 calendar years, the District did not meet the \$400,000 revenue threshold and, therefore, was not required to obtain an independent annual audit.

4 During our audit, and at the time of the audit report's release, the AFR was known as the Annual Update Document, or AUD. The District's CAP uses this term accordingly. The AUD became known as the AFR in 2023.

Figure 2: OSC Publications



<https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf>

<https://www.osc.ny.gov/files/local-government/resources/pdf/internalauditprocess.pdf>

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Nicole Tomsen, Chief of Municipal Audits of our Statewide Audit Unit at (716) 847-3647.

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller

Appendix A – District’s CAP for the OSC Audit Report

NEWARK VALLEY FIRE DISTRICT

**7151 State Route 38, P.O. Box 266
Newark Valley, New York 13811**

COMMISSIONERS

Robert Haney
Roger Karaim
Kenneth Schneider
James VanNordstrand- Chairman
John Frieman

Renee' Callahan, Secretary/
Treasurer

Meeting first Wednesday of
the month at 7:00 P.M.

April 9,2020

VIA EMAIL AND REGULAR MAIL

Local Government and School Accountability
Office of the New York State Comptroller
c/o Local Government and School Accountability \ Binghamton Region
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901- 4417

RE: Newark Valley Fire District Report of Examination
2020M-040

Dear [REDACTED]

Thank you for your office's preliminary draft findings ("Report") which was received by email on April 6,2020 and the subject of our teleconference meeting on April 9,2020 with our staff. The Report has been reviewed and discussed by the Board of Fire Commissioners and officers of the Newark Valley Fire District (the Fire District").

We are grateful for the professionalism shown by the Comptroller's staff who were extremely congenial and helpful, including providing suggestions and forms for use. It was a pleasure working with your staff, especially with the mutual goal of assuring continued awareness of the Board of Fire Commissioner's duty of protect the assets and taxpayers of the Fire District.

In particular, we are very appreciative that the audit found no indications of any fraud, theft or other possible misconduct by the fire district officials in dealing with public funds. The thoroughness of your office's review of all disbursements and findings, is further assurance that all taxpayer dollars are being spent properly.

We are in agreement with the audit's findings and have not only begun the process of implementing measures to improve the Fire District's management and oversight of the Fire District's fiscal affairs as outlined in your recommendations, but we have already completed several of the recommendations. We also welcome this opportunity to prepare and present our completed corrective action plan, which provides a detailed account of how we have used the audit findings and recommendations to positively improve operations and internal controls.

The Board of Fire Commissioners has carefully considered the Report of Examination as well as each of the recommendations, and believes it is in the best interest of both the Fire District and the taxpayers of the Fire District to combine its response with its Correction Action Plan.

Accordingly, this audit response is also serving as the Correction Action Plan.

Audit Recommendation #1:

The Board should improve controls over community hall rentals, including utilizing a rental agreement form and pre-numbered receipts for all rental fees collected.

Implementation Plan of Action:

The Board of Fire Commissioners ("Board") has adopted and implemented a new system and documents for the use of the community hall.

Implementation Date: February 5, 2020

Person Responsible for Implementation: Board, Treasurer

Audit Recommendation #2:

The Board should adopt an investment policy and update the procurement policy as needed.

Implementation Plan of Action:

The Board has adopted an Investment Policy, utilizing the sample provided by your office and has adopted an updated Procurement Policy.

Implementation Date: February 5, 2020

Person Responsible for Implementation: Board of Fire Commissioners

Audit Recommendation #3:

The Board should retain documentation of quotes or bids obtained in accordance with the District's procurement policy

Implementation Plan of Action:

As part of the updated Procurement Policy adopted by the Board, the Policy requires the retention of quotes or bids obtained.

Implementation Date: February 5, 2020

Person Responsible for Implementation: Board of Fire Commissioners, Treasurer.

Audit Recommendation #4:

The Board should provide for an annual audit of the Treasurer's records, and obtain an external audit when required in the future.

Implementation Plan of Action:

The Board with the assistance of its legal counsel, is preparing the required RFP for audit proposals pursuant to Town Law 181-b and will be distributing the RFP in short order to qualified auditing firms for return and evaluation by the Board. The Board will engage an auditing firm for obtaining the required external audit.

Implementation Date: Immediate and on-going

Person Responsible for Implementation: Board of Fire Commissioners, Treasurer.

Audit Recommendation #5:

The Board should ensure that the Treasurer files the AUD within 60 days of the close of the fiscal year.

Implementation Plan of Action:

The Board will monitor and work with the Treasurer to assure that the AUD is filed annually, within 60 days of the close of the Fire District's fiscal year.

Implementation Date: Immediate

Person Responsible for Implementation: Board of Fire Commissioners, Treasurer.

Again we wish to thank your team of examiners for their thorough examination of the Fire District's records and the time spent with Fire District officials in explaining the audit process and their findings.

Very truly yours

Newark Valley Fire District

By: 

**James Van Nordstrand, Chairman
Board of Fire Commissioners**