



Arkport Hose Company No. 1, Inc.

Treasurer

2026M-1 | April 2026

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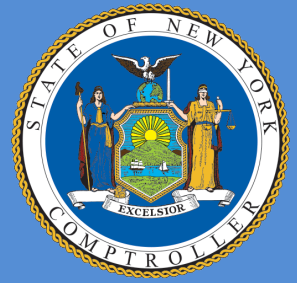
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Audit Results



Arkport Hose Company No. 1, Inc.

Audit Objective	Audit Period
Did the Arkport Hose Company No. 1, Inc. (Company) Treasurer properly deposit, disburse, record and report Company funds?	January 1, 2024 – December 11, 2025
Understanding the Audit Area	
<p>A fire company treasurer must properly deposit, disburse, record and report a fire company's funds to ensure statutory compliance, financial accountability and the public's trust. A lack of oversight can lead to mismanagement, fraud, damaged reputation, and jeopardize a fire company's funding and its mission.</p> <p>From January 1, 2024 through July 31, 2025, the Treasurer deposited revenues and redeposited startup cash¹ totaling \$40,466 and disbursed funds totaling \$48,320.</p>	

Audit Summary

The Treasurer did not properly deposit, disburse, record and report Company funds. As a result, the Executive Committee (Board) lacked reliable information to manage the Company's financial activities. Furthermore, the Company has an increased risk of theft, waste and abuse of Company resources.

From January 1, 2024 through July 31, 2025, the Treasurer did not:

- Deposit revenues totaling \$5,191 in a Company bank account within three days of receipt, as required by the Company bylaws.
- Maintain adequate supporting documentation, such as deposit slips, receipts or documented purpose, for 95 transactions totaling \$55,100. These transactions included 79 deposits totaling \$39,930 and 16 disbursements totaling \$15,170.
- Record or accurately record 48 transactions totaling \$21,528. These transactions included 40 deposits totaling \$20,272 in the receipt book and eight disbursements totaling \$1,256.

¹ This is cash used at the beginning of fundraisers, generally to make change and is redeposited after the event's end.

-
- Obtain appropriate approval for 37 disbursements totaling \$15,951.
 - Prepare bank reconciliations.
 - Provide adequate written monthly or annual reports to the Board and membership.

As a result, the Board, Audit Committee and membership could not ensure that all revenues were deposited or deposited in a timely manner and that revenues and disbursements were properly recorded and for appropriate Company purposes, impacting their ability to monitor the Company's financial activities.

The Treasurer also did not:

- File the Company's annual Form 990 with the Internal Revenue Service (IRS). By not filing Form 990 with the IRS, the Company's not-for-profit status could be at risk.

The report includes 11 recommendations that, if implemented, will improve the Company's Treasurer's duties. Company officials generally agreed with our findings and indicated they will initiate corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller (OSC) authority as set forth in Article 3 of the New York State General Municipal Law (GML). Our methodology and standards are included in Appendix C.

The Board has the responsibility to initiate corrective action. We encourage the Board to prepare a written corrective action plan (CAP) that addresses the findings and recommendations in this report and forward it to our office within 90 days. 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.

Treasurer: Finding and Recommendations

A fire company treasurer is responsible for ensuring all revenues are properly deposited, supported, recorded and reported in a timely manner and that all money disbursed is supported, for proper fire company purposes, approved, recorded and reported. The Company's bylaws require the Treasurer to provide receipts for money received, deposit all funds within three days of receipt, pay all bills upon vouchers signed by the Secretary or President and authorized by the membership and Audit Committee for bills over \$500, and submit reports to the Board and membership. Furthermore, adequate controls and policies should include a process to routinely monitor and review the Treasurer's work.

More details on the criteria used in this report, as well as resources we make available to officials that can help officials improve activities (Figure 2), are included in Appendix A.

Finding 1 – The Treasurer did not properly deposit, disburse, record and report Company funds.

The Treasurer did not properly deposit, disburse, record and report Company funds. As a result, the Board lacked reliable information necessary to manage the Company's financial activities.

Deposits and Recordings – We reviewed all 82 deposits of revenues from donations and fundraising events and redeposited startup cash totaling \$40,466 from January 1, 2024 through July 31, 2025 to determine whether they were deposited in a timely manner and properly recorded. We determined that the Treasurer did not deposit revenues totaling \$5,191 within three days of receipt or maintain adequate supporting documentation for 79 deposits totaling \$39,930, such as deposit slips, documented purpose, or detailed fundraising records or issue receipts as required. The Treasurer told us that receipts are often offered to individuals she collected money from, but many do not want them. In addition, the Treasurer did not record or inaccurately recorded 40 deposits totaling \$20,272 in the receipt book. The Treasurer told us that she sometimes forgets to record the revenue in the receipt book or did not have it with her at the time the money was received. However, the Treasurer should record all revenue in the receipt book and issue receipts as required. The Treasurer accurately recorded all \$40,466 in the manual financial records.

Because the Treasurer did not maintain adequate supporting documentation for revenues, the Board and Audit Committee did not have adequate records to review and could not ensure that all revenues were deposited intact (i.e., same amount and form as received) and in a timely manner and properly recorded.

Disbursements and Recordings – We reviewed all 108 disbursements totaling \$48,320, including all 69 debit card payments totaling \$19,697, from January 1, 2024 through July 31, 2025 (Figure 1). We determined that the Treasurer did not:

Figure 1: Type of Disbursement

Form	Count	Amount	Not Properly Approved (Count)	Not Properly Approved (Amount)	Inadequate Support (Count)	Inadequate Support (Amount)
Debit Card	69	\$19,697	25	\$4,012	6	\$1,885
Check	36	28,323	12	11,939	8	13,085
Withdrawal	3	300	-	-	2	200
Total	108	\$48,320	37	\$15,951	16	\$15,170

- Maintain adequate supporting documentation, such as itemized invoices or receipts, or document an appropriate Company purpose for 16 disbursements totaling \$15,170. Some of these disbursements were for food, grocery or fuel retailers which provide goods or services that could be used for personal purposes. As a result, Company officials could not determine whether all disbursements were appropriate.
- Record eight disbursements totaling \$1,256, for items such as a banquet and uniform supplies, in the manual financial records.

Furthermore, the Treasurer made 37 disbursements totaling \$15,951 without proper approvals, such as vouchers signed by the Secretary or President before payment, membership approval or Audit Committee approval for bills over \$500, as required. In addition, the Company’s use of a debit card, which was not authorized in the bylaws or other policy, allows for the payment of goods or services to occur before an appropriate review and approval. Debit card payments can pose significant risks because they are immediate deductions from the Company’s bank account, making it more difficult to detect or address unauthorized use.

Because the Treasurer did not maintain adequate supporting documentation for disbursements and the Company’s bank statements did not contain canceled check images, the Audit Committee did not have adequate records to review to determine whether disbursements were properly recorded and for appropriate Company purposes.

Reporting – The Treasurer provided verbal monthly reports of bank balances and total funds received and disbursed at the monthly membership meetings. She also prepared a written monthly report that was available but not reviewed by the membership. However, the Treasurer’s written monthly report did not include all required bylaw components, such as the dates of each transaction. The Treasurer also did not prepare bank reconciliations or provide bank statements with canceled check images to the Board or membership for their review.

Furthermore, the President and Treasurer told us that an annual report was provided, but the Treasurer could not provide the report and the meeting minutes did not include discussion or submission of an annual report. The other Board members told us that they did not receive an annual report from the Treasurer. Additionally, the Treasurer accurately filed the foreign fire insurance (FFI) tax proceeds annual report with OSC but did not file the 2024 Form 990 with the IRS. Therefore, the Board, Audit

Committee and membership did not have the necessary information to help ensure that the Company's financial activities were adequately accounted for, recorded and reported. Also, by not filing Form 990 with the IRS, the Company's not-for-profit status could be at risk.

The Treasurer did not provide a reasonable explanation for these various deficiencies. Although the Audit Committee conducted an annual audit of the Treasurer's records, an audit was not conducted every six months and adequate documentation was not maintained to support what records were reviewed during the audit and whether bank balances were verified, as required. Without following their bylaws and supported disbursements, the Board and membership cannot properly oversee the Company's financial activities. Also, the Company has an increased risk of theft, waste and abuse of Company resources.

Recommendations

The Treasurer should:

1. Issue receipts for all revenues received, make deposits in a timely manner, accurately record all Company disbursements in the financial records and submit detailed written monthly and annual financial reports to the Board and membership.
2. Ensure all Company disbursements are supported by adequate documentation (including a specific Company purpose) and as required by the bylaws, are properly approved before payment.
3. Prepare monthly bank reconciliations and provide the bank reconciliations and bank statements with canceled check images to the Board for review.
4. File the Company's annual Form 990 with the IRS as required.

The Board should:

5. Ensure that the Treasurer issues receipts for all revenues, makes deposits in a timely manner and retains deposit slips as required by the bylaws and maintains supporting documentation for all disbursements.
6. Consider ending the use of a debit card. If the Board decides to continue using a debit card, it should adopt an appropriate debit card policy and ensure other internal controls are in place.
7. Ensure the Treasurer provides bank statements and canceled check images to the Board and prepares monthly bank reconciliations.
8. Ensure the Treasurer prepares complete and accurate financial records and reports.

The membership should:

9. Ensure the Treasurer provides all bills for review and approval before payment and verify that the bills are adequately supported, have a documented specific Company purpose and are for an appropriate purpose.

The Audit Committee should:

10. Review and approve bills over \$500 for payment.
11. Examine the accounts of the Treasurer at least every six months, including a verification of bank balances, and document the details of their process, including the records reviewed.

Appendix A: Profile, Criteria and Resources

Profile

The Company is a not-for-profit organization that provides fire protection and emergency services within the Arkport Joint Fire District in Steuben County.

The Treasurer is responsible for maintaining custody of, depositing and disbursing all Company funds, recording all Company financial activities and preparing financial reports.

The Company has approximately 30 volunteer members and is governed by its bylaws and eight-member Board. The Board includes the President, Vice-President, Secretary, three trustees and two Captains. The Board is responsible for managing the Company's financial activities, including overseeing the Treasurer. The Company also has an Audit Committee composed of three trustees.

Criteria – Treasurer

A fire company treasurer is responsible for ensuring all revenues are properly deposited, recorded and reported in a timely manner. The treasurer should maintain adequate documentation and issue a receipt for all revenue collected. To help ensure that collection records are complete and accurate the treasurer should issue press-numbered duplicate receipts for all collections. The treasurer should provide one copy of the receipt to the payee and retain one copy for audit purposes. Use of duplicate receipt forms establishes accountability and provides an audit trail for collections received when amounts collected cannot be confirmed by other records. Additionally, the treasurer is responsible for ensuring all money disbursed, including by debit card, is supported, for proper fire company purposes, approved, recorded, and reported. Furthermore, adequate controls and policies should include a process to routinely monitor and review the treasurer's work. The treasurer should prepare bank reconciliations and provide them with bank statements and canceled check images monthly to the fire company board for review.

The Company's bylaws state:

- The Treasurer will receive all money and provide receipts and pay all bills upon vouchers signed by the Secretary or President and authorized at a membership meeting.
- The Treasurer shall maintain a correct account of all receipts and disbursements.
- The Treasurer must deposit all funds within three days of receipt.
- The Treasurer shall make a monthly report at each monthly meeting of all amounts received and disbursed, with the date, purpose and payee, with respect to each expenditure. The Treasurer shall also provide an annual report at the annual meeting covering the entire year.
- The Audit Committee shall examine the accounts of the Treasurer at least every six months and such examination should include a verification of bank balances.

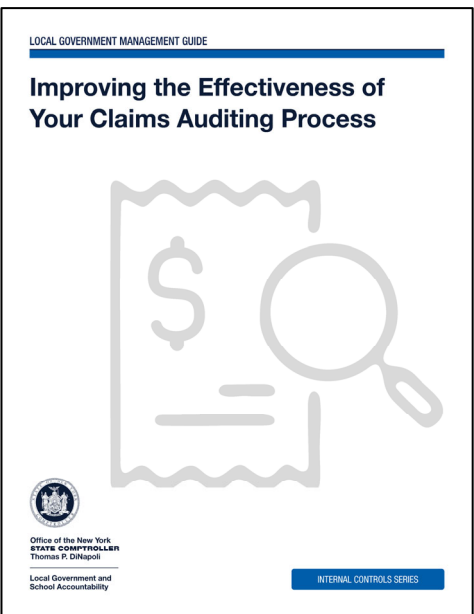
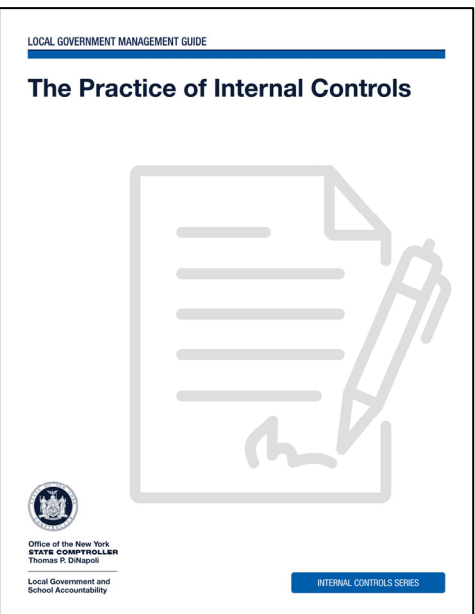
- The Audit Committee is responsible for approving all bills over \$500 before purchase or payment.

A fire company treasurer is also required to prepare and file an annual Form 990 with the IRS. Organizations exempt from income tax are required by IRS regulation to file this form. GML Section 30-a generally requires any entity (e.g., fire company) that receives or disburses FFI tax funds to file an annual report with OSC for the company’s receipt and use of FFI tax proceeds.

Additional Resources

Figure 2: OSC Publications

OSC *Local Government Management Guides* available on our website to help officials understand and perform their responsibilities.

<i>Improving the Effectiveness of Your Claims Auditing Process</i>	<i>The Practice of Internal Controls</i>
 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Improving the Effectiveness of Your Claims Auditing Process</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>The Practice of Internal Controls</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>
<p>https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf</p>	<p>https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf</p>

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From Company Officials



Arkport Hose Co #1 Inc.

6 Park Ave / Po Box #3

Arkport, New York 14807

To the Chief of Municipal Audits of the OSC Rochester Region,

This letter is to serve as the Arkport Hose Co #1 Inc.'s response to the OSC Audit conducted by the Rochester Regional office. We have received the draft Audit Report and the recommendations within.

The treasurer and I concur with the findings and are in the process of working with the Hose Co Executive Board to go over the recommendations and working on getting a corrective action plan built.

Please don't hesitate to reach out with any further questions or concerns.

Firematically,

William A Robinson

President- Arkport Hose Co #1 Inc.

[REDACTED]

[REDACTED]

Appendix C: Audit Methodology and Standards

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 Company officials and reviewed the bylaws, various Treasurer reports and Board and membership meeting minutes to gain an understanding of the Company's financial procedures and processes and determine which financial records and reports were prepared, provided, reviewed and approved.
- We reviewed bank statements and canceled check images for the Company's three bank accounts from January 1, 2024 through July 31, 2025 and identified 82 deposits totaling \$40,466 and 108 disbursements totaling \$48,320. We compared all deposits to supporting documentation to determine whether revenues were adequately supported and deposited into Company bank accounts in a timely manner. We reviewed all 108 disbursements totaling \$48,320 (including 69 debit card payments totaling \$19,697, 36 checks totaling \$28,323 and three withdrawals totaling \$300) and compared them to supporting documentation, which included invoices and receipts, to determine whether they were adequately supported, for Company purposes, properly approved and made in accordance with the bylaws.
- We traced all cash receipts and disbursements from the bank statements for January 1, 2024 through July 31, 2025 to the Treasurer's receipt book, financial records and reports to determine whether they were properly recorded and reported.

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.

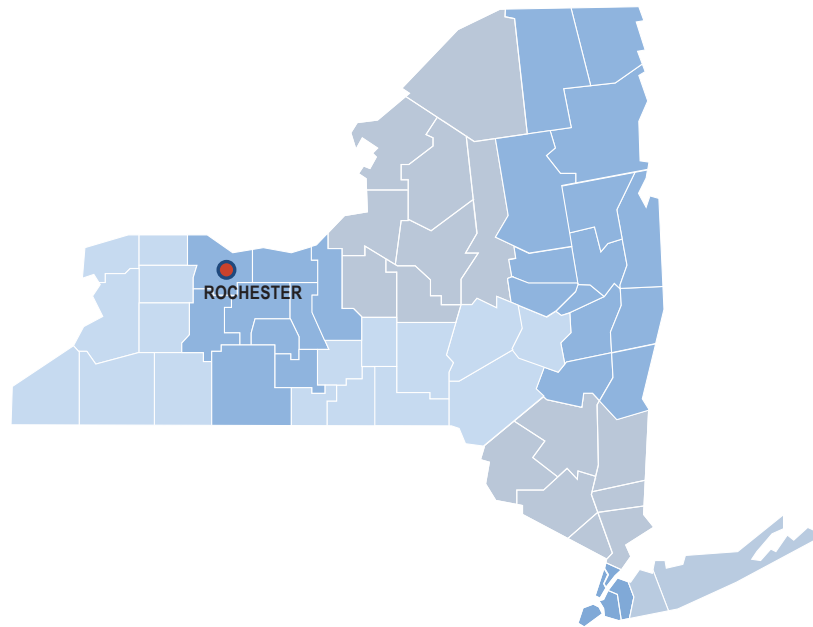
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