



# Caneadea Fire District

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## Treasurer's Records and Reports

2025M-118 | January 2026

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# Audit Results

## Caneadea Fire District



### Audit Objective

### Audit Period

Did the Caneadea Fire District (District) Secretary/ Treasurer (Treasurer) record and report financial transactions in a timely and accurate manner?

January 1, 2023 – June 30, 2025

### Understanding the Audit Area

A fire district's treasurer should record and report financial transactions in a timely and accurate manner to enable informed decision-making by the board of fire commissioners, prevent fraud or misappropriation of funds, comply with reporting requirements and maintain public trust. Accurate and timely records are essential for establishing financial accountability and proper financial management, oversight by the board of fire commissioners and taxpayers, and the protection of public funds.

The District's average annual budgeted appropriations for the 2023, 2024 and 2025 fiscal years was \$206,086.

## Audit Summary

The Treasurer did not record and report all financial transactions in a timely and accurate manner. As a result, adequate financial records were not maintained and there was an increased risk that improper or unauthorized activity could have occurred without detection or correction. Although our testing did not identify any improper or unauthorized activity, the Board of Fire Commissioners (Board) did not have sufficient information to effectively oversee the District's financial operations and make informed decisions because financial records and reports were incomplete and inaccurate. If the Board had performed an effective annual audit of the Treasurer's records, the errors and omissions we identified might have been detected and corrected.

Specifically, the Treasurer did not:

- Maintain a complete and accurate checkbook register (register) with sufficient detail such as transaction dates, types or descriptions.
- Always prepare and submit accurate bank reconciliations to the Board.

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The report includes four recommendations that, if implemented, would improve the Treasurer's records and reporting. District officials generally agreed with our recommendations and their response is included in Appendix B. Appendix C includes our comment on an issue raised in the District's response letter.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of New York State General Municipal Law. Our methodology and standards are included in Appendix D.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State Town Law (Town Law), a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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's Records and Reports: Finding and Recommendations

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As a fire district's chief fiscal officer, a treasurer is responsible for recording and reporting all financial transactions in a timely and accurate manner and providing periodic financial reports to the board of fire commissioners. A treasurer should record financial transactions in the financial records as soon as practicable. The longer transactions go without being entered into the financial records, the greater the risk of misappropriation of funds.

More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

## Finding 1 – The Treasurer did not record and report all financial transactions completely and accurately.

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The Treasurer maintained a register to record the District's financial activity and used it to prepare monthly reports for the Board, which included collections, disbursements, reconciled bank account balances and budget-to-actual comparisons for revenues and expenditures. We reviewed all 357 entries totaling approximately \$2.1 million recorded in the register from January 1, 2023 through May 31, 2025 and determined the Treasurer did not record sufficient detail for 352 transactions totaling approximately \$2 million to ensure they were recorded in a timely and accurate manner. Specifically, we noted the following deficiencies in the Treasurer's records:<sup>1</sup>

- 63 entries totaling approximately \$1.7 million did not specify the transaction type (cash, check or electronic funds transfer) needed for the Board to identify, trace and correct errors.
- 338 entries totaling approximately \$761,000 did not have the transaction date recorded, therefore we could not determine whether they were recorded in a timely manner.
- One entry totaling \$24,000 did not have a date, transaction type and description. We reviewed bank statements and determined that this entry was made to record a transfer from the District's investment account to the District's checking account.

We also identified seven transactions totaling approximately \$21,000 that were not recorded in the register. This included two deposits totaling approximately \$10,400 and two corresponding checks for the same amount prepared for Foreign Fire Insurance<sup>2</sup> (FFI) funds. The Treasurer received these funds and disbursed them to the Houghton Volunteer Fire Department Inc. The remaining three unrecorded transactions, totaling approximately \$200, included a utility payment and disbursements to District officials for appropriate expenditures.

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<sup>1</sup> Some entries had multiple exceptions.

<sup>2</sup> FFI tax proceeds are generated from a tax, generally at a rate of 2 percent that is imposed on the premiums of fire insurance policies written by certain out-of-state insurers against loss or damage by fire on property located in New York State.

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While the Treasurer generally reported monthly revenues and expenditures accurately in the budget-to-actual comparison reports, the bank reconciliations were not always accurate. The Treasurer's bank reconciliations were provided to the Board each month for review, and Board meeting minutes indicated that the Board reviewed them; however, we question the thoroughness of the Board's review. We reviewed<sup>3</sup> 29 bank reconciliations and determined 16 (55 percent) were inaccurate. Six bank reconciliations included deposits totaling approximately \$29,000 that were not deposited until the following month but were not reported as deposits in transit. The remaining 10 bank reconciliations included automated clearing house (ACH) utility payments in the month expenditures were incurred instead of when paid totaling approximately \$650.

While we did not identify any improper or unauthorized activity, inaccurately reporting the timing of cash deposits and payments in the financial records could cause the Board to make uninformed financial decisions based on inaccurate financial information, disguise cash flow issues, or conceal potential cash shortages due to fraudulent activity. Had the Board or another official adequately reviewed the bank reconciliations, these errors may have been identified and corrected.

The Treasurer acknowledged that he should have kept more detailed, timely and accurate records. The Treasurer also told us that he was unsure how to record the receipt and disbursement of FFI funds. Additionally, he told us that because the District operated with a small budget, he believed transactions were easy to track and, therefore, did not give them the attention they required when recording them.

Although the Board reported that it performed an annual audit of the Treasurer's 2023 financial records and reports, two Commissioners told us that they had not yet had the opportunity to perform an audit of the Treasurer's 2024 financial records and reports; approximately six months had passed at the time we completed the onsite portion of our audit.

We question the effectiveness of the Board's audit because approximately half of the errors we identified were present in the 2023 records that the Board reported it audited. Three Commissioners told us the audit process was relatively quick; one of the three Commissioners stated it took approximately one hour to complete, and they trusted the Treasurer and typically found no issues. The three Commissioners could not provide written audit reports, documentation of errors noted, or completed audit checklists used to conduct their audit.

Without timely and accurate records and reports, the Board cannot effectively monitor and manage District operations. Additionally, incomplete or inaccurate financial reports further limit the Board's ability to make informed decisions. If the Board had conducted an effective audit of the Treasurer's financial records and reports, the Commissioners may have identified the errors and omissions in the Treasurer's financial records and taken corrective action.

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<sup>3</sup> Refer to Appendix D for more information on our sampling methodology.

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## Recommendations

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The Board should:

1. Thoroughly review monthly financial reports and bank reconciliations to ensure the Treasurer maintains accurate and complete financial records.
2. Request the Treasurer's 2024 financial records and conduct a thorough annual audit and document the results in the meeting minutes.

The Treasurer should:

3. Record financial transactions accurately and in a timely manner with sufficient detail including the transaction date, type (cash, check, or electronic funds transfer), amount and description to allow the Board to identify and trace transactions.
4. Perform proper bank reconciliations and account for deposits in transit and ACH payments in the appropriate months.

# Appendix A: Profile, Criteria and Resources

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## Profile

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The District provides fire protection and emergency medical services for the Town of Caneadea in Allegany County. It is a district corporation of the State, distinct and separate from the Town, and is governed by an elected five-member Board which is responsible for the District's overall financial management. The Board appoints a Treasurer, who serves as the District's chief fiscal officer and is responsible for maintaining the financial records and preparing monthly and annual financial reports.

## Criteria – Treasurer's Records and Reports

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A fire district treasurer must maintain suitable financial records that are complete, accurate and up to date. Accurate financial records should include sufficient detail to allow the board of fire commissioners to identify and trace transactions, such as the transaction date, type (cash, check or electronic funds transfer), amount and description. To help ensure financial transactions are recorded timely and accurately, the board of fire commissioners should periodically receive and review financial reports from the treasurer that detail collections, disbursements, account balances and budget-to-actual comparisons for revenues and expenditures. The treasurer should also provide monthly bank reconciliations, bank statements and images of canceled checks for review.

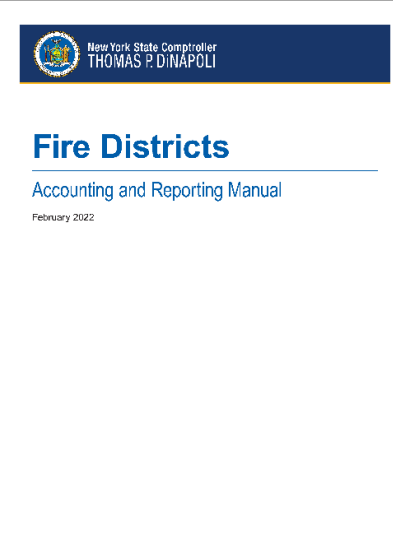
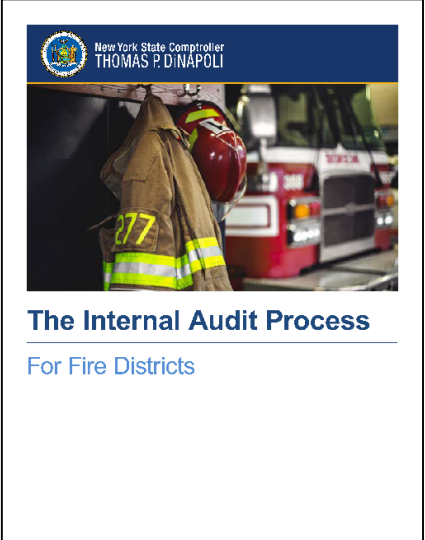
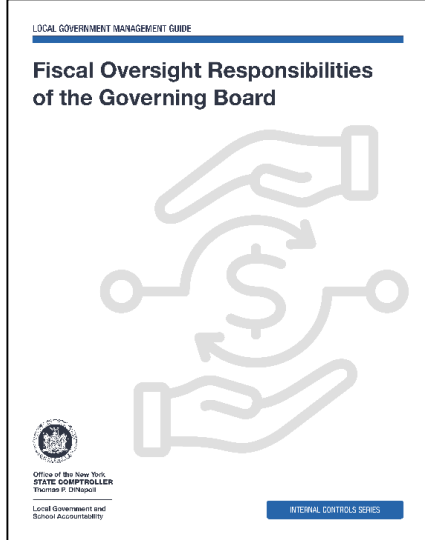
Bank reconciliations assist in the detection of record-keeping errors and fraud and should be prepared monthly. Any differences between bank balances and financial records should be researched and explained. When a single individual is responsible for recording financial activity and making deposits, an independent review from the board of fire commissioners or someone not involved in recording transactions should review the bank reconciliations.

Town Law Section 177 requires a fire district treasurer to submit their books, records, receipts, vouchers (i.e., claims) and canceled check images to the board of fire commissioners annually to conduct the annual audit of the treasurer's financial records. The annual audit helps a board of fire commissioners carry out its oversight responsibilities of a treasurer's operations and helps to ensure the accuracy of the financial records and processes. Conducting annual audits can help officials to detect and prevent loss or theft of funds.



## Additional Records and Reports Resources

**Figure 1: OSC Publications**

| OSC Local Government Management Guides and publications available on our website to help officials understand and perform their responsibilities.                   |   |   |
|---|---|---|
| <i>Accounting and Reporting Manual for Fire Districts</i>   | <i>The Internal Audit Process for Fire Districts</i>  | <i>Fiscal Oversight Responsibilities of the Governing Board</i>   |
|   |    |   |
| <a href="https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf</a> | <a href="https://www.osc.ny.gov/files/local-government/resources/pdf/internalauditprocess.pdf">https://www.osc.ny.gov/files/local-government/resources/pdf/internalauditprocess.pdf</a> | <a href="https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf</a> |

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 District Officials

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Caneadea Fire District Board of Fire Commissioners  
C/O Caneadea Town Clerk  
7474 Route 19  
Caneadea, NY, 14717

January 16, 2026

Melissa Myers - Chief of Municipal Audits  
Division of Local Government and School Accountability  
295 Main Street, Suite 1032  
Buffalo, NY, 14203

Dear Ms. Myers and Audit Staff,

On behalf of the Caneadea Fire District Board of Fire Commissioners, we thank the Office of the State Comptroller and the audit team for their thorough review of the District's Treasurer's records and reporting practices.

We appreciate the audit's conclusion that no improper or unauthorized activity was identified during the audit period. The Board values this confirmation and takes seriously its responsibility to safeguard public funds and maintain the trust of the taxpayers we serve.

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| See<br>Note 1<br>Page 9 |
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We are grateful to the auditors for identifying areas where our financial recordkeeping and reporting processes can be strengthened. The recommendations provided offer helpful guidance to improve the accuracy, clarity, and timeliness of our records and to further enhance oversight and internal controls. We view this audit as a constructive opportunity to improve our practices and ensure continued financial transparency and accountability.

The Board is committed to addressing the findings and recommendations contained in the report. In accordance with applicable requirements, the District will prepare and submit a written Corrective Action Plan that outlines the specific steps being taken to implement the recommendations and improve financial recordkeeping and oversight. Implementation of these corrective actions will begin as practicable and within the prescribed timeframes.

We appreciate the professionalism of the audit staff and their assistance in helping the District operate more efficiently, clearly, and securely.

Respectfully submitted,  
**Caneadea Fire District Board of Fire Commissioners**

**Jon Cole - CFD Board Chair**

# Appendix C: OSC Comment on the District's Response

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## Note 1

The audit objective focused on whether the Treasurer recorded and reported financial transactions in a timely and accurate manner. The audit team assessed the risk of fraud occurring that is significant within the context of this audit objective, as required by generally accepted government auditing standards (GAGAS). Therefore, these audit results cannot be used to conclude there is no fraud, theft or professional misconduct in the District's operations.

# Appendix D: Audit Methodology and Standards

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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 District officials and reviewed the Board meeting minutes, bank statements, financial records, adopted budgets and other information to gain an understanding of the Treasurer's process for recording and reporting financial transactions and the Board's process for reviewing the Treasurer's records and reports.
- We reviewed all 357 entries totaling approximately \$2.1 million recorded in the Treasurer's register from January 1, 2023 through our testing period end date of May 31, 2025. We compared these entries to the bank statements and canceled check images to determine the accuracy of information recorded in the register and monthly reports to the Board. We also compared each of the entries against supporting documentation (i.e., invoices, receipts and meeting minutes) to determine whether collections were recorded accurately and in a timely manner, and disbursements were for appropriate District purposes.
- We reviewed all the District's bank statements from January 1, 2023 through May 31, 2025 to identify transactions not recorded in the Treasurer's register and reviewed supporting documentation to determine the purpose and legitimacy of the transactions.
- We reviewed budget-to-actual reports given to the Board against the District's adopted budgets and actual revenues and expenditures for each month from January 2023 through May 31, 2025 to determine the accuracy of amounts reported to the Board.
- We compared total revenues and expenditures reported to the Board from January 1, 2023 through May 31, 2025 against canceled check images, claim packets' supporting documentation and bank statements to determine the accuracy of amounts reported to the Board.
- We reviewed and recalculated the Treasurer's bank reconciliations from January 1, 2023 through May 31, 2025 to determine the accuracy of the reports presented to the Board.

We conducted this performance audit in accordance with 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.

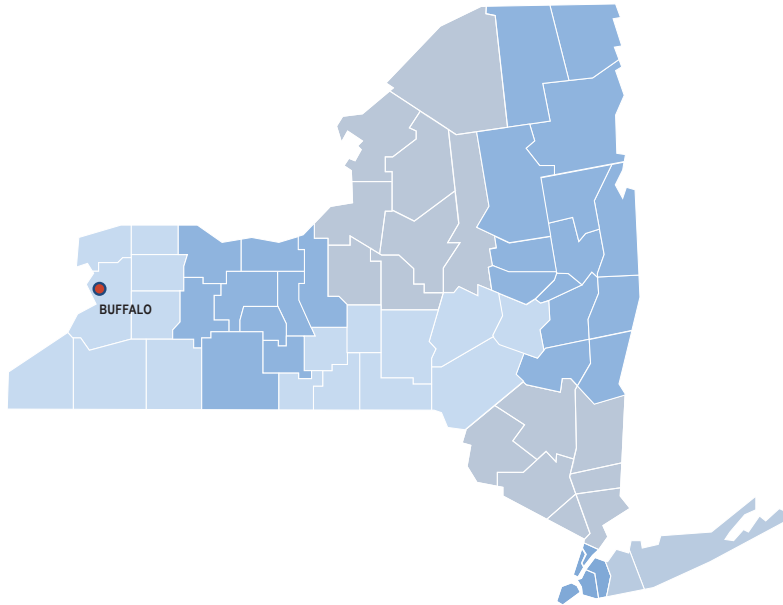
## Contact

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