

New York State Comptroller  
THOMAS P. DiNAPOLI

# Cuylerville Volunteer Fire Department, Inc.

Financial Oversight

April 2026 | 2025M - 133

Prepared by the Division of Local Government and School Accountability

# Contents

<b>Audit Results</b> .....	<b>2</b>
Audit Summary .....	2
<b>Financial Oversight: Finding and Recommendations</b> .....	<b>4</b>
Finding 1 – Department officers and membership did not provide adequate oversight of financial operations.....	4
Recommendations .....	6
<b>Appendix A: Profile, Criteria and Resources</b> .....	<b>7</b>
<b>Appendix B: Response From Department Officials</b> .....	<b>9</b>
<b>Appendix C: Audit Methodology and Standards</b> .....	<b>10</b>

# Audit Results

---

## Cuylerville Volunteer Fire Department, Inc.

### Audit Objective

Did the Cuylerville Volunteer Fire Department, Inc. (Department) officers and membership provide adequate oversight of financial operations?

### Audit Period

January 1, 2023 – June 3, 2025

### Understanding the Audit Area

Providing adequate oversight of financial operations helps ensure transactions are properly recorded and supported with documentation, bills are paid on time, and funds are safeguarded and available for equipment, training and emergency responses. A lack of oversight can lead to a lack of operational effectiveness, mismanagement, fraud, damaged reputation and jeopardize the Department's funding and its mission.

From January 1, 2023 through November 30, 2024, the Department's deposits totaled \$177,922 and disbursements and withdrawals for startup<sup>1</sup> cash for fundraising events totaled \$141,561.

### Audit Summary

Department officers and membership did not provide adequate oversight of financial operations because they did not adopt a code of ethics and detailed bylaws or financial policies or enforce the limited financial provisions in the bylaws. They also did not adequately segregate financial duties, implement compensating controls or provide guidance to the Treasurer<sup>2</sup> related to recording and reporting financial transactions. This placed Department resources at risk of waste and theft.

Department officers and membership did not receive or review bank statements, canceled check images, and regular written financial reports; ensure the Treasurer prepared bank reconciliations; or annually audit the Treasurer's records to monitor financial operations.

Additionally, Department officers and membership did not ensure that the Treasurer or other Department officers maintained adequate supporting documentation for all 50 deposits totaling \$177,922 from January 1, 2023 through November 30, 2024.

Furthermore, Department officers and membership did not review the Department's disbursements before or after they were paid to help ensure that all 259 disbursements paid from January 1, 2023 through November 30, 2024 totaling \$141,561 were for appropriate Department purposes and properly supported with documentation, such as itemized invoices and receipts.

Also, while the Department received \$9,315 in foreign fire insurance (FFI) tax proceeds, the Department officers and membership could not support that the membership approved spending the FFI tax proceeds that were spent or that the funds were used for appropriate Department purposes. In addition, the Department

---

<sup>1</sup> Startup cash is used at the beginning of fundraisers, generally to make change and should be redeposited after the event ends.

<sup>2</sup> During the audit period, the Department had three Treasurers. The first Treasurer (Treasurer A) held the position from before the audit period through March 31, 2023. The second Treasurer (Treasurer B) held the position from April 1, 2023 through March 31, 2025. The current Treasurer (Treasurer C) started April 1, 2025.

officers did not file the 2023 or 2024 FFI tax proceeds annual reports with the New York State Office of the State Comptroller (OSC) as required.

The report includes 12 recommendations that, if implemented, will improve the officers' and membership's oversight of financial operations. Department officers 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 State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. Our methodology and standards are included in Appendix C.

Department officers and membership have the responsibility to initiate corrective action. We encourage Department officers and membership to prepare a written corrective action plan (CAP) that addresses the 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 Department officers and membership to make the CAP available for public review.

# Financial Oversight: Finding and Recommendations

---

A fire department's officers and membership are responsible for overseeing the department's financial operations to safeguard its resources. To fulfill this duty, department officers and membership should establish a system of internal controls that include clearly defined and enforced bylaws and policies and procedures that establish and segregate financial duties. The controls should help ensure that department officials:

- Effectively monitor financial operations,
- Properly account for money collected,
- Properly support, accurately record and obtain authorization for all financial transactions,
- Prepare complete, accurate and periodic financial reports in a timely manner.

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

## **Finding 1 – Department officers and membership did not provide adequate oversight of financial operations.**

Department officers and membership did not adopt a code of ethics, detailed bylaws and written policies to help provide guidance for all financial operations or enforce the bylaws' limited financial provisions. Additionally, although the bylaws refer to a board, they do not identify which Department officers encompass the board or the board's responsibilities.

Treasurer's Duties – Department officers and membership did not adequately segregate the Treasurer's financial duties or implement effective compensating controls, such as receiving and reviewing bank statements, canceled check images, bank reconciliations or regular written monthly and annual reports. Furthermore, the Directors did not annually audit the Treasurer's records to monitor financial operations and ensure they were accurate as required by the bylaws. Moreover, Department officers and membership could not support whether the Treasurer was bonded with insurance coverage, as prescribed in the bylaws, which may help protect the Department from a financial loss as a result of an improper act by the Treasurer.

The President and Vice President did not provide us with reasonable explanations for not reviewing financial information. Additionally, a Director told us that he was unaware that one of his responsibilities included conducting an annual audit. However, these responsibilities were outlined in the bylaws that the Director should be familiar with. When one person performs most financial duties without compensating controls and Department officers and membership are not provided with necessary information to help ensure that the Department's financial operations are adequately accounted for and recorded, there is an increased risk that funds could be used inappropriately without detection.

Revenues – Department officers and membership did not ensure that officers maintained adequate supporting documentation for revenues, including hall rentals, donations and fundraising. We reviewed all 50 deposits totaling \$177,922 from January 1, 2023 through November 30, 2024 and determined that 18 deposits totaling \$68,292 lacked adequate support such as hall rental receipts, fundraiser reports, and deposit receipts. Additionally, 13 deposits totaling \$13,202 did not have any supporting documentation. As a result, the Department officers and membership cannot ensure that all revenues were properly collected and deposited

and accurately recorded and reported. The President and Vice President did not provide us with reasonable explanations for the deficiencies.

Disbursements – The Department membership did not ensure the Treasurer made disbursements only after membership approval as required by the bylaws. Occasionally, the membership approved disbursements when the Treasurer verbally informed them of disbursements at the membership meetings. However, the membership did not review invoices or a list of bills to be paid and the approvals did not occur every month. As a result, the membership did not ensure all 259 payments and withdrawals for startup cash for fundraisers totaling \$141,561 from January 1, 2023 through November 30, 2024 were for appropriate Department purposes and properly approved and supported with documentation, such as itemized invoices and receipts (Figure 1). In addition, 245 disbursements (95 percent) were electronic payments or debit card purchases, which inhibit the review and approval process for disbursements. Debit card purchases pose significant risks because they allow funds to be directly withdrawn from the bank account at the time of purchase or through an automated teller machine (ATM) without prior approval or review, making it more difficult to detect or address unauthorized use.

**Figure 1**  
**Type of Disbursement**

Form	Count	Amount	Not Properly Approved (Count)	Not Properly Approved (Amount)	Inadequate Support (Count)	Inadequate Support (Amount)
Electronic Payment	210	\$129,566	191	\$91,106	83	\$45,385
Debit Card	35	6,080	35	6,080	34	4,781
Check	10	4,815	9	4,342	7	1,825
Startup Cash	4	1,100	0	0	0	0
<b>Total</b>	<b>259</b>	<b>\$141,561</b>	<b>235</b>	<b>\$101,528</b>	<b>124</b>	<b>\$51,991</b>

Due to the lack of supporting documentation and potential personal nature of some purchases (e.g., inadequately supported disbursements to vendors for food or hardware or retail stores), we were unable to determine whether all 259 disbursements were for appropriate Department purposes. However, we identified two disbursements totaling \$230 that were duplicate payments to the Department’s Internet provider. The President and Vice President did not provide us with reasonable explanations for the deficiencies.

FFI Tax Proceeds – While the Department received \$9,315 in FFI tax proceeds, the Department officers and membership could not support that the membership approved using FFI tax proceeds. The documented meeting minutes did not demonstrate that the membership approved the expenditure of all \$9,315 or that the funds were used for appropriate purposes. Due to the lack of supporting documentation and inadequate records, we could not determine whether the FFI tax proceeds were properly used even though Treasurer B and the President told us that they were. Additionally, Treasurers A and B did not file the 2023 or 2024 FFI tax proceeds annual reports with OSC as required. Treasurer B did not provide an adequate explanation for not filing the reports.

Without a code of ethics, detailed bylaws, written policies and procedures, supported revenues, authorized disbursements supported with documentation, and a periodic review of financial records including an annual audit, the Department officers and membership cannot properly oversee the Department’s financial operations. Also, the Department has an increased risk of theft and waste of Department resources.

## Recommendations

Department officers and membership should:

1. Review and update the bylaws to include which officers encompass the board and the board's responsibilities and adopt written financial policies and procedures and a code of ethics to provide adequate oversight and clear guidance for financial operations. They should also enforce the bylaws to help safeguard Department operations.
2. Implement effective compensating controls over the Treasurer's unsegregated duties, such as regularly reviewing bank statements with canceled check images and bank reconciliations and financial records and reports, and ensuring an annual audit of the Treasurer's financial records.
3. Ensure that the Department has an insurance policy that includes adequate bonding, including bonding for the Treasurer for at least \$100,000, as required by the bylaws.
4. Ensure that the Department officers obtain, retain and make available supporting documentation for all deposits.
5. Conduct a thorough and deliberate audit of each disbursement prior to approval for payment, which includes reviewing a list of disbursements and verifying that they:
  - Are adequately supported, have a documented specific Department purpose, and are for an appropriate purpose, and
  - Comply with applicable Department bylaw requirements.
6. Consider ending the use of debit cards. If Department officers and membership decide to continue using debit cards, they should adopt an appropriate debit card policy and ensure other internal controls are in place.
7. Approve all disbursements before they are made as required by the bylaws.
8. Approve the use of all FFI tax proceeds and ensure approvals are documented in the meeting minutes.

The Treasurer should:

9. Submit written monthly and annual financial reports to the Department officers and membership that include detailed information for revenues and disbursements, a list of disbursements to be paid, bank statements with canceled check images and bank reconciliations.
10. Obtain and retain supporting documentation for all Department revenues, including hall rentals, to support deposits.
11. Ensure that all disbursements are adequately supported and approved prior to making payments.
12. File the annual FFI tax proceeds report with OSC.

# Appendix A: Profile, Criteria and Resources

---

## Profile

The Department provides fire protection and emergency services within the Town of Leicester in Livingston County. The Department is composed of approximately 20 volunteer members and is governed by its bylaws. The Department officers and membership are generally responsible for managing the Department's financial operations.

The Department's bylaws establish the officers of the Department, including a President, Vice President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, three Directors, three Delegates, a Fire Chief, First and Second Assistant Chief, First and Second Lieutenant and an EMS Captain.<sup>3</sup>

The Treasurer is responsible for maintaining custody of, depositing and disbursing and accurately recording all Department funds, in accordance with the Department's bylaws.

The Fire Chief is responsible for the day-to-day oversight of the Department including day-to-day expenses of the fire hall and equipment and reporting such expenses at the general meeting.

## Criteria

The fire department's officers and membership are responsible for overseeing the fire department's fiscal activities and safeguarding its resources. To fulfill this duty, fire department officers and membership should establish a system of internal controls, which includes the following:

- Adopting policies and procedures that help officials ensure that transactions are authorized and properly recorded in a timely manner,
- Ensuring that financial reports are accurate, reliable and filed in a timely manner,
- Ensuring that fire department officers and members comply with the fire department's bylaws, and applicable laws, rules and regulations.

In addition, the treasurer is responsible for maintaining complete and accurate records to account for all fire department financial operations and should submit monthly and annual financial reports to fire department officers and membership. The fire department officers and membership should review these reports, financial records, bank statements and reconciliations to monitor fire department operations. Fire department officers and membership should ensure that all disbursements and deposits are supported by adequate documentation, such as invoices, receipts, and written agreements.

Also, fire department officers and membership are required by GML Section 209-ee to adopt a code of ethics that provides standards of conduct and procedures for disclosure of conflicts of interest.

The Department bylaws state:

- The Treasurer shall be the custodian of the general funds of the Department and keep an accurate record of all funds received and disbursed by them.

---

<sup>3</sup> Not all of these officer positions were filled during the audit period.

- The Treasurer is restricted from making disbursements other than normal building operating costs without membership approval.
- The Directors are required to ensure that an annual audit of Department records is completed.
- The Treasurer shall be bonded for \$100,000.
- The Fire Chief is responsible for the day-to-day expenses of the fire hall and equipment and will report such expenses at the membership meeting.

General Municipal Law Section 30-a generally requires any entity (e.g., fire department) that receives or disburses FFI tax proceeds to file an annual report with OSC for the fire department's receipt and use of FFI tax proceeds. Additionally, unless expressly stated otherwise by a special act of the State Legislature or a pre-1989 local law, FFI tax proceeds may be spent for any purpose that the membership determines to be for the benefit of the fire department, provided the expenditure is not illegal or contrary to public policy.

## Additional Resources

OSC *Local Government Management Guides* and other informational resources that are available on our website to help officials understand and perform their responsibilities include:

- *Fiscal Oversight Responsibilities of the Governing Board*: <https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>
- *Management's Responsibility for Internal Controls*: <https://www.osc.ny.gov/files/local-government/publications/pdf/managements-responsibility-for-internal-controls.pdf>
- *The Practice of Internal Controls*: <https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf>

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

# Appendix B: Response From Department Officials

---

The content below is a reproduced copy of the original response letter issued by Department officials and is reformatted to meet accessibility standards, which may have included changes to spelling and grammar. The substance of the content was not changed.

**Cuylerville Volunteer Fire Department, Inc.**  
**2943 Canandaigua Street – P.O. Box 247**  
**Leicester, NY 14481 – 585-382-3577**

**Acknowledgment Of Findings and Corrective Action Plan**

The Cuylerville Volunteer Fire Department Inc. I would like to thank the NYS Comptroller's office for conducting a financial audit. It was a pleasure working with you through this process. We have reviewed the draft findings and we as a department feel your draft report was accurate and the Department will implement the following actions.

- A. The Treasurer will work with the board of directors annually to provide an in-house audit of records and financials.
- B. The Treasurer rolls will be more defined and detailed in the job description.
- C. The Department Bylaws will be updated to include clear details of the Board of Directors financial oversight and create financial policies to ensure accurate and acceptable methods are being followed.
- D. The Department will create a debit card policy for use.
- E. The Department will be looking into bonding the Treasurer for \$100,000.

The above corrective actions will be a positive step for accuracy and accountability. We would again like to thank you for the recommendations, and we plan to implement these actions with the Board of Directors, Membership, and Officers involved within the coming months.

Respectfully Submitted,

Patrick Shepard  
Treasurer

# 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 Department officials and reviewed the bylaws and membership meeting minutes to gain an understanding of the Department's financial procedures and processes and determine what financial records and reports were prepared, provided and reviewed.
- We used our professional judgment to review bank statements and bank activity, including canceled check images, for January 1, 2023 through November 30, 2024 and identified 259 payments totaling \$141,561, including 255 disbursements totaling \$140,461 and four withdrawals for startup cash for fundraising events totaling \$1,100. The disbursements included 35 debit card transactions totaling \$6,080. We reviewed all 259 disbursements totaling \$141,561 and compared them to supporting documentation, which included credit card statements, invoices and receipts, to determine whether disbursements were adequately supported and for Department purposes, properly approved and made in accordance with the bylaws. The disbursements we reviewed included 14 credit card payments totaling \$5,690.
- We reviewed all 50 deposits totaling \$177,922 from January 1, 2023 through November 30, 2024 and compared them to supporting documentation, including fundraising reports and donation listings and letters, to determine whether revenues were adequately supported and deposited into Department bank accounts.
- We reviewed the Department's insurance policy to determine whether the Department had adequate bonding coverage.
- We determined whether the 2023 and 2024 FFI tax proceeds annual reports were filed with OSC as required, reviewed available records and discussed the use of these funds with Department officers to determine whether the FFI tax proceeds were approved by membership and expended for appropriate Department purposes.

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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

# Questions?

---

## **ROCHESTER REGIONAL OFFICE**

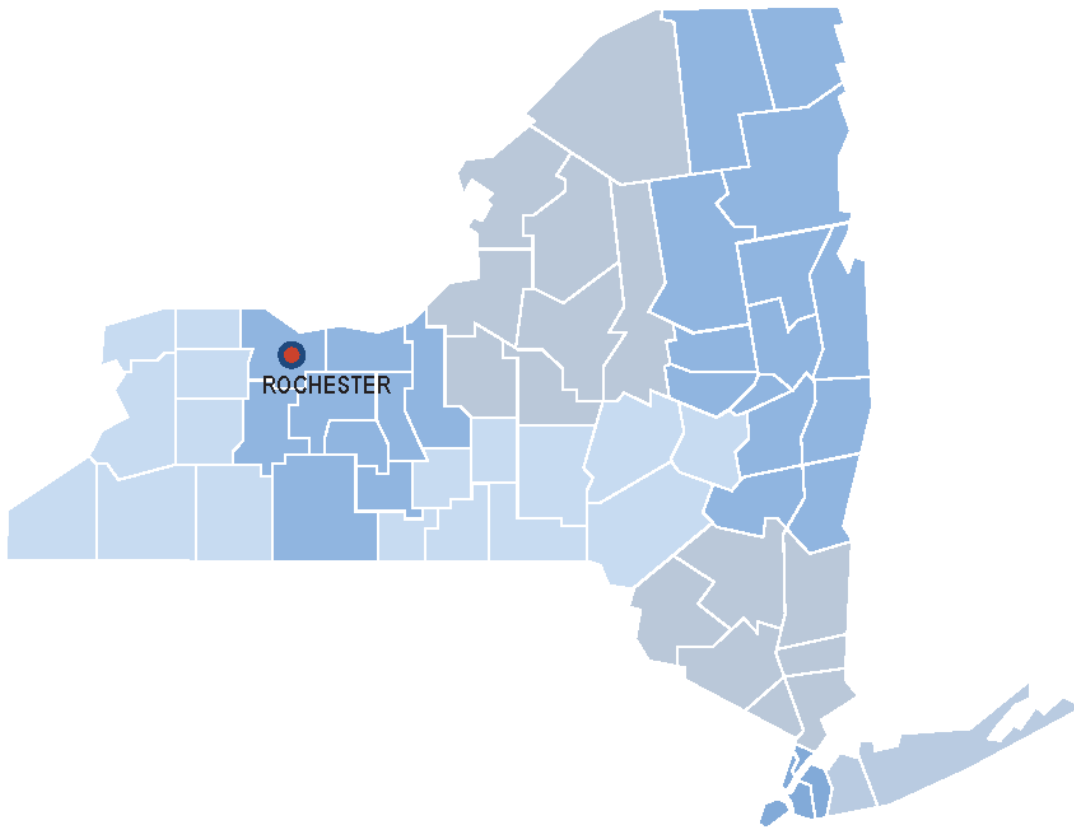
Stephanie Howes – Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545

Email: [Muni-Rochester@osc.ny.gov](mailto:Muni-Rochester@osc.ny.gov)

Serving: Cayuga, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties





## Contact

Office of the New York State Comptroller  
110 State Street  
Albany, New York 12236

(518) 474-4044

[www.osc.ny.gov](http://www.osc.ny.gov)

Prepared by the Division of Local Government and School Accountability

 FOLLOW US: [osc.ny.gov/subscribe](http://osc.ny.gov/subscribe)