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May 2026

Brian Horton, Chairman
Members of the Board of Fire Commissioners
Eaton No. 1 Fire District
2631 Mechanic St
Eaton, NY 13334

Report Number: 2024M-4-F

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

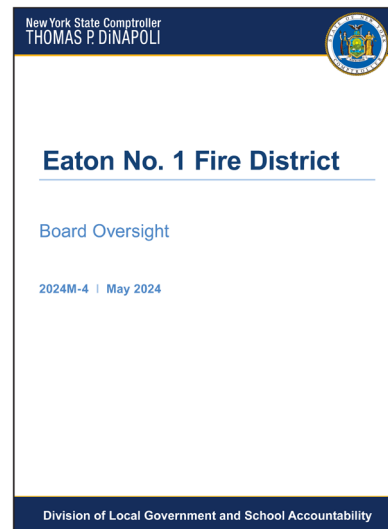
One of the Office of the State Comptroller's (OSC) primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term 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 Eaton No. 1 Fire District (District) to determine whether District officials adequately monitored financial activity and ensured appropriate records and reports were maintained. The Board of Fire Commissioners (Board) consists of five members (Commissioners) including one who serves as the Chairman.

As a result of our audit, we issued a report, dated May 2024, identifying certain conditions and opportunities for the Board's review and consideration (Figure 1). In response to the audit, District officials filed a corrective action plan (CAP) with our Office in August 2024. The CAP identified the actions the Board planned to take to implement the audit recommendations.

To further our policy of providing assistance to local governments, we revisited the District on December 9, 2025. Our follow-up review was limited to interviews with Commissioners and the

Figure 1: Eaton No. 1 Fire District 2024 Audit Report



<https://www.osc.ny.gov/files/local-government/audits/2024/pdf/eaton-number-one-fire-district-2024-4.pdf>

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

Based on our limited procedures, District officials fully implemented two recommendations, partially implemented eight recommendations and did not implement three recommendations. Until all recommendations are implemented, the Board cannot ensure District assets are safeguarded.

Recommendation 1 – Accounting Records

The Board should require the Secretary-Treasurer to maintain accurate, complete and up-to-date accounting records. The records should include all cash accounts and subsidiary revenue and expenditure ledgers.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated: *“The Secretary-Treasurer will provide the commissioners at each meeting the accounting records & bank statements which includes images of the cancelled checks. The books will be balanced each month and the printout will be filled in the binder at each meeting of whenever they ask for it.”*

Observations/Findings: We compared the Secretary-Treasurer's accounting records from January 2025 through October 2025 to source documentation and determined that, except for capital reserve funds, the Secretary-Treasurer maintained accurate, complete and up-to-date accounting records that included cash accounts and subsidiary revenue and expenditures ledgers. However, the Secretary-Treasurer did not maintain accounting records for the capital reserve account, other than retaining the bank statements for two savings accounts and a certificate of deposit that totaled \$371,000 as of October 2025.

The Chairman told us that he thought that retaining the bank statements was sufficient record keeping and that additional accounting procedures were not necessary because there were very few transactions in the bank accounts. However, the Secretary-Treasurer should provide the Board with a complete accounting of all activities for the period, regardless of the frequency or amount and an accounting of all funds and changes in fund balance for the period. Without access to complete and accurate accounting records, the Board cannot sufficiently oversee the District's financial activities, properly track its financial position and make informed financial decisions.

Recommendation 2 – Secretary-Treasurer's Monthly Reports to the Board

The Board should ensure the Secretary-Treasurer prepares and provides the Board monthly financial reports showing funds received and disbursed, reconciled cash balances and budget-to-actual results.

Status of Corrective Action: Partially Implemented

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

Corrective Action Plan: The District’s CAP stated: *“The Secretary-Treasurer will provide the commissioners at each meeting the accounting records & bank statements which includes images of the cancelled checks.”*

Observations/Findings: We reviewed the Secretary-Treasurer’s monthly reports to the Board from January 2025 through October 2025. During this period, although the Secretary-Treasurer provided monthly reports to the Board that included funds received and disbursed, reconciled cash balances and budget-to-actual reports, these reports did not include activity within the capital reserve accounts. In addition, the budget-to-actual reports provided did not include revenues (i.e., property taxes, fire protection contract, interest) received.

The Chairman and another Commissioner told us that they did not think it was necessary to include the revenues in the budget-to-actual report because the District has limited revenue sources and the Secretary-Treasurer provided the bank statements which include when revenues were deposited. They also told us they believed that retaining the bank statements was sufficient to record the activity in the capital reserve accounts because there were very few transactions in the accounts. However, without a complete accounting of both revenues and expenditures and budget-to-actual reports, the Board cannot ensure actual revenues are meeting budget estimates and, if needed, take timely corrective action before the District’s financial condition is negatively affected.

Recommendation 3 – Review of Banking Activity

The Board should routinely review and verify the Secretary-Treasurer’s work including reviewing bank statements, bank reconciliations and canceled check images.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District’s CAP stated: *“The Secretary-Treasurer will provide the commissioners at each meeting the accounting records & bank statements which includes images of the cancelled checks. The books will be balanced each month and the printout will be filed in the binder at each meeting or whenever they ask for it.”*

Observations/Findings: The Secretary-Treasurer told us that she provided the bank statements with canceled check images to the Board at the monthly Board meetings. We observed that the monthly Treasurer’s reports included an operating account bank reconciliation. However, the Board did not require the Secretary-Treasurer to reconcile the District’s capital reserve accounts consisting of two savings accounts and a certificate of deposit that totaled \$371,000 as of October 2025.

The Chairman and another Commissioner told us that the Board does not require the Secretary-Treasurer to reconcile the bank statements for the capital reserve accounts because there is not a lot of activity in the accounts. They also told us they reviewed the Secretary-Treasurer’s reports and the bank statements but we were unable to verify this because there was no evidence (e.g., Commissioners’ initials) that they were reviewed and it was not documented in the Board meeting minutes. By not ensuring all bank accounts are periodically reconciled and reviewed, the Board cannot sufficiently oversee the Secretary-Treasurer’s work and ensure District funds are

safeguarded.

Recommendation 4 – Annual Audit

The Board should conduct an annual audit of the Secretary-Treasurer’s records and reports.

Status of Corrective Action: Not Implemented

Corrective Action Plan: The District’s CAP did not address this recommendation.

Observations/Findings: The Board did not conduct an annual audit of the Secretary-Treasurer's records and reports. The Chairman and another Commissioner told us that the District engaged with a Certified Public Accounting (CPA) firm for an annual audit of the Secretary-Treasurer’s records. However, the CPA firm’s report stated that it performed a compilation engagement² and specified that it did not conduct an audit.

We provided officials with our publication *The Internal Audit Process for Fire Districts*³ which includes guidance on how to perform the annual audit. By not conducting or providing for an annual audit of the Secretary-Treasurer’s records and reports to verify their accuracy and completeness, the Board is not assured that transactions were properly recorded and District funds were safeguarded.

Recommendation 5 – Thorough and Timely Audit of Claims

The Board should conduct a deliberate, thorough and timely audit of all claims prior to payment.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District’s CAP stated: “*Claims will not be paid in advance or without proper supporting documentation. Each claim has a voucher attached to the claims with all pertaining information filled out. Each Claim will have a voucher # assigned to it. The board will review each claim and either approve or deny it before any payment is made. They have to sign & date the voucher if its approved. This procedure was put in place in the 4th quarter of 2023. A recap of voucher #'s will be on the next month’s meeting minutes.*”

Observations/Findings: We reviewed the claims from July through October 2025 consisting of 39 claims totaling \$28,716 and all the claims were audited and approved by the Board prior to payment. Each claim contained a consecutively numbered voucher, each Commissioner initialed and dated the claim, and all claims reviewed were listed on an abstract. However, on the October 2025 abstract, four claims were incorrectly numbered (see Recommendation 12).

The Chairman and another Commissioner were unaware of the error because they did not review the voucher numbers to ensure they were consecutively numbered. When the Board does not

2 A compilation engagement is a professional service where a CPA assists management in presenting financial statements in proper format without performing any testing, verification or audit procedures.

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

thoroughly review claims to ensure vouchers and supporting documentation are sufficient and accurately prepared, there is an increased risk that errors could occur and go undetected and that the District could pay claims that are not for District purposes.

Recommendation 6 – Supporting Documentation of Claims

The Board should require all claims to contain enough supporting documentation prior to approving payment (e.g., original itemized invoices and receipts).

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District’s CAP stated: *“Claims will not be paid in advance or without proper supporting documentation. Each claim has a voucher attached to the claims with all pertaining information filled out. Each Claim will have a voucher # assigned to it. The board will review each claim and either approve or deny it before any payment is made. They have to sign & date the voucher if its approved. This procedure was put in place in the 4th quarter of 2023. A recap of voucher #'s will be on the next month’s meeting minutes.”*

Observations/Findings: We reviewed 39 claims totaling \$28,716 and all the claims included enough supporting documentation prior to payment approval, including original itemized invoices and receipts and documentation that they were for a valid District purchase. However, the claims did not include documentation of the efforts to procure the goods or services on the most favorable terms (see Recommendation 9). To ensure the most prudent use of District funds, the Board should not approve claims without supporting documentation that competition was sought in accordance with Board policies and statutes.

Recommendation 7 – Debit Cards

The Board should consider discontinuing the use of the District’s debit card.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District’s CAP stated: *“The District’s debit card was cancelled in November of 2023.”*

Observations/Findings: The Board passed a resolution in December 2023 which prohibited using debit cards. The bank account associated with the debit card remained in use until it was closed in February 2025, but the Secretary-Treasurer provided a bank confirmation that the District’s last debit card transaction was in April 2023. We also reviewed the January 2024 through October 2025 bank statements for all District bank accounts and did not identify any debit card transactions.

Recommendation 8 – Sales Tax

The Board should ensure that the District does not pay sales tax on purchases.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District’s CAP did not address this recommendation.

Observations/Findings: The Board ensured that the District did not pay sales tax on purchases. We reviewed all 39 claims paid in July through October 2025 totaling \$28,716 and determined the District did not pay any sales tax during that period. The Chairman and the Secretary-Treasurer told us the Board ensures the District provides vendors with a tax-exempt certificate and that the Board verifies during the claims audit process that sales tax was not paid.

Recommendation 9 – Procurement

The Board should ensure District officials comply with Board policies and statutes requiring competition when procuring goods and services.

Status of Corrective Action: Not Implemented

Corrective Action Plan: The District’s CAP stated: *“The commissioners will make sure they are following board policies and requiring proper rules and procedures to be followed. They will require 3 quotes if the item they are buying is not on state contract. This procedure was reviewed with all officials to let them know what is expected or else items would not be considered or approved until proper documentation was submitted.”*

Observations/Findings: Since the release of our audit in May 2024, the District did not purchase any goods or services requiring competitive bidding. However, the District did not retain documentation of efforts made to procure goods and services not subject to competitive bidding.⁴ For example, the Board authorized a purchase in March 2025 totaling \$22,075 for insurance coverage that had no supporting documentation indicating that District officials sought competition. Although purchasing insurance is not subject to competitive bidding requirements, the Board should ensure all purchases not subject to competitive bidding requirements are procured in a manner that ensures the prudent and economic use of public funds in the best interest of the taxpayers.

The Chairman and another Commissioner told us the District relies on its insurance broker to ensure the District is getting insurance at a favorable cost. They also stated that bids and quotes are provided for items and services but they were not aware that the Board needed to retain the documentation. Without documentation supporting efforts made, the Board cannot ensure the most prudent and economical use of District funds.

Recommendation 10 – Accounting Records

The Secretary-Treasurer should maintain accurate, complete and up-to-date accounting records and prepare monthly bank reconciliations for all District accounts and investigate and resolve any differences.

⁴ General Municipal Law Section 104-b requires the governing board of every political subdivision and any district therein, by resolution, shall adopt internal policies and procedures governing all procurements of goods and services which are not required to be made pursuant to the competitive bidding requirements of Section 103 of this article.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District’s CAP stated: *“The Secretary-Treasurer will provide the commissioners at each meeting the accounting records & bank statements which includes images of the cancelled checks. The books will be balanced each month and the printout will be filed in the binder at each meeting or whenever they ask for it.”*

Observations/Findings: As discussed in Recommendation 1, except for the capital reserve funds, the Secretary-Treasurer maintained accurate, complete and up-to-date accounting records that included cash accounts and subsidiary revenue and expenditures ledgers and prepared bank reconciliations. The Secretary-Treasurer did not maintain accounting records for the capital reserve account consisting of two savings accounts and a certificate of deposit.

The Secretary-Treasurer told us that she provides the bank statements to the Board at monthly meetings, and she did not think additional recordkeeping was necessary because there was limited activity in the accounts. However, without access to complete and accurate accounting records, the Board cannot sufficiently oversee the District’s financial activities and make informed financial decisions.

Recommendation 11 – Annual Financial Report (AFR) Filing

The Secretary-Treasurer should ensure the AFR is completed and filed with OSC within 60 days after the close of the fiscal year as required.

Status of Corrective Action: Not Implemented

Corrective Action Plan: The District’s CAP stated: *“Working on getting the AFR completed & filed within 60 days. The accountant we use is very busy with tax season, so it puts a delay on things. I will be working toward learning how to submit the report myself or trying to find another agency to help. Looking to be able to have this done by early next year.”*

Observations/Findings: The District’s 2023 and 2024 AFRs were filed 218 and 228 days late, respectively. The Secretary-Treasurer told us the District relies on its CPA firm to compile the District’s financial statements and submit the AFRs but that the firm is unable to submit the AFRs in a timely manner due to other obligations earlier in the year. However, it is ultimately the Secretary-Treasurer’s responsibility to file the AFR. Because the Secretary-Treasurer also told us she did not know how to submit the AFR, we referred her to information on our website, including training and instructions on how to file the AFR.⁵ Submitting AFRs late restricts taxpayers, the Board and other interested parties from accessing information about the District’s financial position to make timely informed decisions or address concerns.

Recommendation 12 – Claims and Abstracts Preparation

The Secretary-Treasurer should prepare a consecutively numbered cover sheet for each claim and an abstract listing the claims audited and approved by the Board.

⁵ <https://www.osc.ny.gov/local-government/required-reporting/annual-financial-report>

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated: *"Each claim will have a voucher # assigned to it. The board will review each claim and either approve or deny it before any payment is made. They have to sign and date the voucher if its approved. A recap of voucher #'s will be on the next months meeting minutes."* The District's CAP did not address the recommendation regarding preparing an abstract listing the claims audited and approved by the Board.

Observations/Findings: We reviewed all 39 claims paid between July and October 2025 totaling \$28,716 and while the Secretary-Treasurer prepared cover sheets for each claim and an abstract listing the claims for the Board to audit and approve, the claims were not always consecutively numbered. In the October 2025 abstract, four claim vouchers were incorrectly numbered as the Secretary-Treasurer used four voucher numbers that she already used on other claims. Although the Secretary-Treasurer told us it was an error, by not ensuring claim vouchers are consecutively numbered and accurately listed on an abstract, there is an increased risk of paying claims that are not for District purposes.

Recommendation 13 – Claims Payment and Approval

The Secretary-Treasurer should document the specific claims the Board authorized for payment in the Board meeting minutes and only pay claims after a proper audit and approval.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated: *"Claims will not be paid in advance or without proper supporting documentation. Each claim has a voucher attached to the claims with all pertaining information filled out. Each Claim will have a voucher # assigned to it. The board will review each claim and either approve or deny it before any payment is made. They have to sign & date the voucher if its approved. This procedure was put in place in the 4th quarter of 2023. A recap of voucher #'s will be on the next month's meeting minutes."*

Observations/Findings: As discussed in Recommendation 5, we reviewed 39 claims totaling \$28,716 and all 39 claims were audited and approved by the Board prior to payment. However, although each claim was listed on an abstract and the Commissioners initialed and dated each voucher to indicate approval, the Secretary-Treasurer did not document the specific claims the Board authorized for payment in the Board meeting minutes.

The Secretary-Treasurer told us she thought it was enough to state in the minutes that the claims were approved because the Board gets the list of claims on the abstract. However, documenting in the minutes the specific claims the Board authorized for payment and any that are disallowed increases the Board's assurance that all claims were presented for review and approval and reduces the risk of unauthorized payments.

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 OSC's *Local Government Management Guide: The Practice of Internal Controls*, as well as our publication *Fire Districts: Accounting and Reporting Manual*, which are available on our website.⁶

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

⁶ Available at: <https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf> and <https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf>

EATON FIRE DISTRICT #1

P.O. BOX 911
EATON, NY 13334

Eaton Fire District
Corrective Audit Plan

The Board should:

1. Require the Secretary-Treasurer to maintain accurate, complete, and up to-date accounting records. The records should include all cash accounts and subsidiary revenue and expenditure ledgers.
2. Ensure the Secretary-Treasurer prepares and provides the Board monthly financial reports showing funds received and disbursed, reconciled cash balances and budget-to-actual results.
3. Routinely review and verify the Secretary-Treasurer's work including reviewing bank statements, bank reconciliations and canceled check images.
4. Conduct an annual audit of the Secretary-Treasurer's records and reports.
5. Conduct a deliberate, thorough, and timely audit of all claims prior to payment.
6. Require all claims to contain enough supporting documentation prior to approving payment (e.g., original itemized invoices and receipts).
7. Consider discontinuing the use of the District's debit card.
8. Ensure that the District does not pay sales tax on purchases.
9. Ensure District officials comply with Board policies and statutes requiring competition when procuring goods and services.
10. Maintain accurate, complete, and up-to-date accounting records and prepare monthly bank reconciliations for all District accounts and investigate and resolve any differences.
11. Ensure the AFR is completed and filed with OSC within 60 days after the close of the fiscal year as required.
12. Prepare a consecutively numbered cover sheet for each claim and an abstract listing the claims audited and approved by the Board.
13. Document the specific claims the Board authorized for payment in the Board meeting minutes and only pay claims after a proper audit and approval.

Implementation Plan of Actions

The Secretary-Treasurer will provide the commissioners at each meeting the accounting records & bank statements which includes images of the cancelled checks. The books will be balanced each month and the printout will be filed in the binder that holds the bank statements. The binder will be available for all board members to review at each meeting or whenever they ask for it. I have asked for all board members to sign the statements to show they were available & that they were reviewed. The binder will be available for audit at any time they would like to review & audit the books. This procedure was put in place in the 4th quarter of 2023.

Claims will not be paid in advance or without proper supporting documentation. Each claim has a voucher attached to the claim with all pertaining information filled out. Each Claim will have a voucher # assigned to it. The board will review each claim and either approve or deny it before any payment is made. They have to sign & date the voucher if its approved. This procedure was put in place in the 4th quarter of 2023. A recap of voucher #'s will be on the next months meeting minutes. This procedure was put in place early fall of 2023.

The Districts debit card was cancelled in November of 2023.


When bills are review and they have sales tax on them, we will contact the company to let them know the district is tax exempt. Tax will be deducted from the bill when payment is made. This was put into effect fall of last year.

The commissioners will make sure they are following board policies and requiring proper rules and procedures to be followed. They will require 3 quotes if the item they are buying is not on state contract. This procedure was reviewed with all officials to let them know what is expected or else items would not be considered or approved until proper documentation was submitted.

Working on getting the AFR completed & filed within 60 days. The accountant we use is very busy with tax season, so it puts a delay on things. I will be working toward learning how to submit the report myself or trying to find another agency to help. Looking to be able to have this done by early next year.

We the Commissioners of the Eaton Fire District thank you for your support as we learn to be better at our jobs as commissioners. We weren't doing things wrong on purpose just following what others have done in the past. We will continue to make improvements wherever possible.

Sincerely,



RaeJeanna Stoddard on behalf of Howard Montanye Chairman
Secretary/Treasurer